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(Stock Exchange Code 4527)
June 5, 2026

Hidetoshi Segi
President and Representative Director
ROHTO PHARMACEUTICAL CO., LTD.
1-8-1 Tatsumi-nishi, Ikuno-ku, Osaka, Japan

NOTICE OF CONVOCATION
THE 90TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

To Shareholders:

We express our deep appreciation to each of the shareholders for their extraordinary daily support.

You are cordially invited to attend the 90th Ordinary General Meeting of Shareholders of ROHTO PHARMACEUTICAL CO., LTD. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders contained herein to exercise your voting rights by Tuesday, June 23, 2026, at 5:00 p.m. Japan time.

- 1. Date and Time:** Wednesday, June 24, 2026 at 10:00 a.m. Japan time
(Reception is scheduled to open at 9:00 a.m.)
- 2. Place:** Head Office of ROHTO PHARMACEUTICAL CO., LTD.
1-8-1 Tatsumi-nishi, Ikuno-ku, Osaka
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company's 90th Fiscal Year (April 1, 2025 - March 31, 2026)
 2. Results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors for the Company's 90th Fiscal Year (April 1, 2025 - March 31, 2026)
- Proposals to be resolved:**
- Company proposal**
- Proposal 1:** Election of Fourteen (14) Directors
- Shareholder proposals**
- Proposal 2:** Dismissal of one director
- Proposal 3:** Amendment to the Articles of Incorporation regarding the establishment of a Strategic Review Committee
- Proposal 4:** Amendment to the Articles of Incorporation regarding the decision-making body for dividends from surplus and other distributions
- Proposal 5:** Repurchase of Shares
- Proposal 6:** Approval of compensation amount for the restricted stock compensation plan
- Proposal 7:** Amendment to the Articles of Incorporation regarding the composition of outside directors
- Proposal 8:** Amendment to the Articles of Incorporation regarding measures to realize management that is conscious of the cost of capital and share price
- Proposal 9:** Amendment to the Articles of Incorporation regarding the record date for the ordinary general meeting of shareholders

Electronic Provision of Materials for the General Meeting of Shareholders

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision of materials for the General Meeting of Shareholders and has posted the matters to be provided electronically as "Notice of Convocation: The 90th Ordinary General Meeting of Shareholders" and "Other Matters to be Provided Electronically (Matters not included in the paper copy)" on the website indicated below.

The Company website (<https://www.rohto.co.jp/global/ir/library/meeting/>)

In addition to the above, the materials are also posted on the website indicated below.

Tokyo Stock Exchange website

(<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>)

Please access the website indicated above, enter "Rohto Pharmaceutical" in the "Issue name (company name)" field or the Company's securities code "4527" in the "Code" field and click "Search," select "Basic information," then "Documents for public inspection/PR information," and click "Click here for access" below the "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" to review the materials.

Notes Related to the General Meeting of Shareholders

- Of the matters to be provided electronically, "Matters concerning Share Acquisition Rights," "Matters concerning the Accounting Auditor," and "Company's systems and policies," which are part of the Business Report; "Consolidated Statements of Changes in Shareholders' Equity" and "Notes on Consolidated Financial Statements," which are part of Consolidated Financial Statements; "Non-consolidated Statements of Changes in Shareholders' Equity" and "Notes on Non-consolidated Financial Statements," which are part of Non-consolidated Financial Statements are disclosed on the Company website and the Tokyo Stock Exchange website pursuant to laws and regulations and Article 16 of the Articles of Incorporation of the Company

and are therefore not included in this notice of convocation.

Moreover, this notice of convocation and the documents posted on the websites mentioned above (excluding Reference Documents for the General Meeting of Shareholders) are the documents audited by the Auditors and the Accounting Auditor for preparing the Audit Report and the Accounting Auditor's Report, respectively.

- If it is necessary to modify the matters provided electronically, the modified items will be posted on each of the websites on which such matters are posted.
- If there are any major change to the operation of the General Meeting of Shareholders, the Company will provide a notice on the website below.
(<https://www.rohto.co.jp/global/ir/library/meeting/>)
- Gifts will not be handed out at the General Meeting of Shareholders. Thank you for your understanding.

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| For institutional investors | The Electronic Voting Platform is available for the exercise of your voting rights. |
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Reference Documents for the General Meeting of Shareholders

Proposal and References

Company Proposal

Proposal 1 is proposed by the Company.

Proposal 1: Election of Fourteen (14) Directors

The terms of office of all fourteen (14) current Directors will expire at the close of this General Meeting. Accordingly, you are hereby requested to elect fourteen (14) Directors. Regarding the draft of this Proposal, the Nomination Committee was consulted and its proposals have been received.


The candidates for Director are as follows:

| No. | Name | | Position at the Company |
|-----|--------------------------------------|----------------------|--|
| 1 | <u>Reappointed</u> Kunio Yamada | | Chairman and Representative Director |
| 2 | <u>Reappointed</u> Hidetoshi Segi | | President and Representative Director |
| 3 | <u>Reappointed</u> Masaya Saito | | Director and Executive Vice President Chief Financial Officer (CFO) |
| 4 | <u>Reappointed</u> Shinichi Kunisaki | | Director and Executive Vice President Chief Technical Officer (CTO) |
| 5 | <u>Reappointed</u> Yoko Fujimoto | | Managing Director Chief Medical Officer (CMO) |
| 6 | <u>Reappointed</u> Yasunori Kawasaki | | Director Chief Human Resources Officer (CHRO) |
| 7 | <u>Reappointed</u> Masae Yamanaka | | Director Chief Transformation Officer (CXO) |
| 8 | <u>Reappointed</u> Yoichi Honma | | Director Chief Scientific Officer (CScO) |
| 9 | <u>Reappointed</u> Noriko Suenobu | | Director Chief Research Officer (CRO) |
| 10 | <u>Reappointed</u> Akie Iriyama | External Independent | External Director |
| 11 | <u>Reappointed</u> Haruka Mera | External Independent | External Director |
| 12 | <u>Reappointed</u> Eriko Hayashi | External Independent | External Director |
| 13 | <u>Reappointed</u> Maiko Katadae | External Independent | External Director |
| 14 | <u>Reappointed</u> Shoichiro Iwata | External Independent | External Director |

Reappointed: Candidates to be reappointed


External: Candidates for External Director


Independent: Candidates for Independent Director as prescribed by the Tokyo Stock Exchange

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|--|---|---------------------------------------|
| 1 |  <p data-bbox="252 656 467 723">Kunio Yamada (January 23, 1956)</p> <p data-bbox="284 734 435 768"><u>Reappointed</u></p> | <p data-bbox="491 275 890 309">April 1980 Joined the Company</p> <p data-bbox="491 320 1050 353">June 1991 Director and Assistant to President</p> <p data-bbox="491 365 1233 432">June 1992 Senior Managing Director and General Manager of Sales Department</p> <p data-bbox="491 443 946 477">June 1996 Executive Vice President</p> <p data-bbox="491 488 1225 544">July 1998 Chairman of The Mentholatum Company (current position)</p> <p data-bbox="491 555 954 589">June 1999 President of the Company</p> <p data-bbox="491 600 1217 656">June 2009 Chairman and Chief Executive Officer (CEO) of the Company</p> <p data-bbox="491 667 1201 701">August 2018 Chairman (CEO) and President of the Company</p> <p data-bbox="491 712 1161 745">June 2019 Chairman of the Company (current position)</p> <p data-bbox="491 757 1209 835">March 2021 Outside Director of Bacchus Bio innovation Co., Ltd. to present</p> <p data-bbox="491 846 962 902">(Significant concurrent positions) Chairman of The Mentholatum Company</p> | 1,181,836 |
| <p data-bbox="252 925 691 947">(Reasons for nomination as a Director)</p> <p data-bbox="252 958 1410 1184">Since assuming office as Director of the Company in 1991, Mr. Kunio Yamada has led the Company's growth and development for more than 30 years with his long-term vision and prompt decision-making. Taking on the challenge of new fields in Japan and overseas, he has enabled the Company to achieve sustainable growth and innovative value creation. Even in the most challenging situations, he has exercised his strategic judgment and leadership and is contributing to the achievement of the Company's vision, "to realize well-being societies worldwide." It is proposed that he be re-elected as a Director as he is an indispensable person in order to continue to promote the enhancement of corporate value of the Company.</p> | | | |


| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|--|---|---------------------------------------|
| 2 |  Hidetoshi Segi (July 18, 1962) <u>Reappointed</u> | April 1985 Joined Nippon Vicks KK (currently, P&G Japan G.K.) June 1997 Joined the Company June 2018 Director of the Company March 2022 Chief Strategy Officer (CSO) of the Company June 2022 Director of the Company June 2023 Managing Director of the Company June 2025 President and Representative Director of the Company (current position) to present (Significant concurrent positions) - | 13,985 |
| (Reasons for nomination as a Director) Since joining the Company in 1997, Mr. Hidetoshi Segi has achieved outstanding results in a wide range of key fields, including product planning, international business, business development, and corporate planning, and spearheaded various business operations of the Company. Since 2022, he has demonstrated his ability to lead the management of the entire Rohto Group. In 2025, he assumed the position of President and Representative Director and has been driving the implementation of the medium- to long-term growth strategy announced that year. It is proposed that he be re-elected as a Director as he is a suitable and indispensable person in order to achieve sustainable growth of the Company and pioneer the next stage for the Company. | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|---|--|---|---------------------------------------|
| 3 |  <p data-bbox="240 645 470 701">Masaya Saito (November 1, 1963)</p> <p data-bbox="284 723 427 757"><u>Reappointed</u></p> | <p data-bbox="496 286 890 320">April 1986 Joined the Company</p> <p data-bbox="496 320 1233 387">May 1998 General Director of Rohto-Mentholatum (Vietnam) Co., Ltd.</p> <p data-bbox="496 387 1153 454">June 2011 Director and General Manager of Corporate Planning Department of the Company</p> <p data-bbox="496 454 1233 521">June 2018 Executive Vice President of the Company (current position)</p> <p data-bbox="496 521 1217 656">President and Director of The Mentholatum Company (current position) Chairman of Rohto-Mentholatum (Vietnam) Co., Ltd. (current position)</p> <p data-bbox="496 656 1193 768">March 2022 Chief Financial Officer (CFO) of the Company (current position) to present</p> <p data-bbox="496 768 1106 869">(Significant concurrent positions) President and Director of The Mentholatum Company Chairman of Rohto-Mentholatum (Vietnam) Co., Ltd.</p> | 50,117 |
| <p data-bbox="252 880 691 902">(Reasons for nomination as a Director)</p> <p data-bbox="252 902 1406 1153">Mr. Masaya Saito is playing a central role in sustainable growth and development of overseas businesses indispensable for the growth of the entire Group and promotion of global strategies as Chief Executive Officer of Rohto-Mentholatum (Vietnam) Co., Ltd. and President and Director of The Mentholatum Company. As CFO, he is responsible for planning and execution of financial strategies of the entire Group and as the officer in charge of ESG, he is promoting and strengthening initiatives concerning materiality. He has demonstrated a sufficient track record and ability in communicating with diverse stakeholders. It is proposed that he be re-elected as a Director as he is an indispensable person to contribute to the enhancement of corporate value of the Company.</p> | | | |


| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|---|---|---------------------------------------|
| 4 |  <p data-bbox="248 613 467 674">Shinichi Kunisaki (October 27, 1955)</p> <p data-bbox="284 689 432 723"><u>Reappointed</u></p> | <p data-bbox="496 282 1150 342">April 1981 Joined Suntory Limited (currently, Suntory Holdings Limited)</p> <p data-bbox="496 349 890 383">January 2007 Joined the Company</p> <p data-bbox="496 389 1174 450">June 2010 Director and General Manager of Research & Development Department of the Company</p> <p data-bbox="496 456 1235 517">June 2018 President and Representative Director of Qualitech Pharma Co., Ltd.</p> <p data-bbox="496 524 1062 557">June 2020 Managing Director of the Company</p> <p data-bbox="496 564 1198 624">March 2022 Chief Technical Officer (CTO) of the Company (current position)</p> <p data-bbox="496 631 1230 736">June 2023 Executive Vice President of the Company (current position) to present</p> <p data-bbox="496 743 874 777">(Significant concurrent positions)</p> <p data-bbox="496 784 507 795">-</p> | 45,181 |
| <p data-bbox="248 819 691 853">(Reasons for nomination as a Director)</p> <p data-bbox="248 860 1390 1064">Since joining the Company in 2007, Mr. Shinichi Kunisaki has been greatly contributing to the strengthening of the Company's R&D capabilities based on his abundant experience and insight on R&D field. From 2018, he contributed to the development of the Group's contract manufacturing business at subsidiary Qualitech Pharma, Co., Ltd. Since 2022, as CTO of the Company, he has been leading the entire Group's technological innovation in R&D, quality management, and production. It is proposed that he be re-elected as a Director as he is an indispensable person to contribute to the enhancement of corporate value of the Company.</p> | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|--|--|---------------------------------------|
| 5 |  <p data-bbox="252 683 459 743">Yoko Fujimoto (December 17, 1965)</p> <p data-bbox="284 766 427 801"><u>Reappointed</u></p> | <p data-bbox="497 280 1225 369">April 1992 Physician, Department of Neurology, Tokyo Metropolitan Neurological Hospital, Tokyo, Metropolitan Bokutoh Hospital, etc.</p> <p data-bbox="497 380 1225 436">August 1997 Research Fellow, Department of Immunology, Duke University School of Medicine, U.S.A.</p> <p data-bbox="497 448 1225 537">April 2001 Physician, Department of Neurology, University Hospital of Tokyo Medical and Dental University (currently Institute of Science Tokyo) etc.</p> <p data-bbox="497 548 1225 638">July 2002 Joined Pharmacia Corporation (currently Pfizer Japan Inc.) Manager of Clinical Research Department, General Manager of Medical Affairs Department, etc.</p> <p data-bbox="497 649 1225 705">September 2019 Director, Executive Officer, Vaccine BU Lead, Pfizer Japan Inc.</p> <p data-bbox="497 716 1225 884">June 2025 Joined the Company Managing Director of the Company (current position) Chief Medical Officer (CMO) of the Company (current position) to present</p> <p data-bbox="497 891 874 925">(Significant concurrent positions) -</p> | 1,215 |
| <p data-bbox="252 958 689 992">(Reasons for nomination as a Director)</p> <p data-bbox="252 992 1391 1171">Ms. Yoko Fujimoto has a high degree of expertise and broad experience as a clinician and a basic research scientist. Furthermore, she has served in various key positions at Pfizer Japan Inc., including Director, Executive Officer, and Vaccine BU Lead. Based on her deep insight into the development and market expansion of the prescription drugs business, she is leading the Company's promotion of the ethical drug business in the medical business domain. It is proposed that she be re-elected as a Director as she is a suitable person to contribute to the transformation of the Company.</p> | | | |


| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|--|--|---------------------------------------|
| 6 |  <p data-bbox="244 611 467 674">Yasunori Kawasaki (February 26, 1960)</p> <p data-bbox="284 689 427 723"><u>Reappointed</u></p> | <p data-bbox="496 282 1110 315">April 1982 Joined Nippon Life Insurance Company</p> <p data-bbox="496 322 890 356">April 1986 Joined the Company</p> <p data-bbox="496 362 1238 396">October 2011 Director, Michinoku Future Fund (current position)</p> <p data-bbox="496 403 1046 436">July 2021 Executive Officer of the Company</p> <p data-bbox="496 443 1222 506">March 2023 Responsible for HR Development & Training, the Company</p> <p data-bbox="496 512 1198 607">June 2023 Director of the Company (current position) Chief Human Resources Officer (CHRO) of the Company (current position)</p> <p data-bbox="496 613 1198 707">June 2024 Unaffiliated Director, Morishita Jintan Co., Ltd. (current position) to present</p> <p data-bbox="496 714 871 748">(Significant concurrent positions)</p> <p data-bbox="496 754 1027 788">Unaffiliated Director, Morishita Jintan Co.,Ltd.</p> | 7,034 |
| <p data-bbox="252 786 691 819">(Reasons for nomination as a Director)</p> <p data-bbox="252 826 1382 1104">Since joining the Company in 1986, Mr. Yasunori Kawasaki has been playing a key role in various organizations, including sales, marketing, corporate communications, and human resources development. Moreover, he promoted initiatives to support reconstruction of the Tohoku region affected by the earthquake and tsunami and has extensive experience and a successful track record. Since 2023, as the Chief Human Resources Officer (CHRO), he has been exercising leadership regarding the priority issue of the Company's well-being management and promotion of new workstyles, such as in Group-wide organizational and system reforms and strengthening of human resources development. It is proposed that he be re-elected as a Director as he is a suitable person to contribute to the enhancement of corporate value of the Company.</p> | | | |


| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|---|--|---|---------------------------------------|
| 7 |  Masae Yamanaka (September 30, 1963) <u>Reappointed</u> | April 1987 Joined IBM Japan, Ltd. February 2009 Joined Microsoft Japan Co., Ltd. July 2017 Joined Panasonic Corporation Managing Officer, Connected Solutions Company (currently Panasonic Connect Co., Ltd.) October 2017 Director, Executive Vice President, Member of the Board, Panasonic System Solutions Japan Co., Ltd. (currently Gemba Solutions Company) June 2021 Outside Director, Sanrio Company, Ltd. (current position) June 2022 Outside Director, JTB Corp. (current position) May 2024 Joined the Company AI/CX Promotion Managing Coordinator and Executive Designer, Strategic Design Headquarters of the Company June 2024 Director of the Company (current position) Chief Transformation Officer (CXO) of the Company (current position) to present (Significant concurrent positions) Outside Director, Sanrio Company, Ltd. Outside Director, JTB Corp. | 892 |
| (Reasons for nomination as a Director) After working at IBM Japan and Microsoft Japan, Ms. Masae Yamanaka joined Panasonic Corporation where she was deeply involved in management and had demonstrated a proven track record of business expansion. Since joining the Company in 2024, with her high level of insight, she has demonstrated her ability not only in the digital transformation (DX) field but also in promoting domestic sales infrastructure reforms and has contributed to sales expansion. It is proposed that she be re-elected as a Director as she is a suitable person to contribute to the Company as it pursues sustainable growth and accelerates its responses to new challenges and evolution of AI/CX. | | | |


| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|---|--|---|---------------------------------------|
| 8 |  <p data-bbox="261 611 448 669">Yoichi Honma (April 29, 1968)</p> <p data-bbox="280 689 429 723"><u>Reappointed</u></p> | <p data-bbox="496 280 890 313">April 1992 Joined the Company</p> <p data-bbox="496 320 1114 383">May 2012 Deputy General Manager of Research & Development Department</p> <p data-bbox="496 389 1118 452">June 2018 Director of Business Strategy Promotion Department</p> <p data-bbox="496 459 1142 521">May 2019 Specially Appointed Division Manager for Promotion of R&D</p> <p data-bbox="496 528 858 562">July 2021 Executive Officer</p> <p data-bbox="496 568 1206 710">June 2024 Director of the Company (current position) Chief Scientific Officer (CScO) of the Company (current position) to present</p> <p data-bbox="496 716 871 750">(Significant concurrent positions)</p> <p data-bbox="496 757 504 768">-</p> | 6,620 |
| <p data-bbox="248 786 691 815">(Reasons for nomination as a Director)</p> <p data-bbox="248 819 1406 972">Mr. Yoichi Honma has demonstrated strong leadership and deep insight at all stages of the Company's R&D-related businesses, from basic research to new product development. He has also been actively promoting cutting-edge research and commercialization efforts in the fields of innovative life sciences and regenerative medicine. It is proposed that he be re-elected as a Director as he is a suitable person for realization of the Company's medium- to long-term growth strategy.</p> | | | |


| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|--|--|---------------------------------------|
| 9 |  Noriko Suenobu (December 18, 1966) <u>Reappointed</u> | April 1991 Joined POLA CHEMICAL INDUSTRIES, INC. January 2015 Corporate Officer in charge of R&D and Planning, POLA CHEMICAL INDUSTRIES, INC. January 2018 Director and Corporate Officer in charge of R&D, POLA CHEMICAL INDUSTRIES, INC. Corporate Officer in charge of Group Research and Intellectual Property & Regulatory Affairs, POLA ORBIS HOLDINGS INC. August 2023 Representative Director and President, POLA MEDICAL INC. April 2025 Joined the Company, Executive Designer, Strategic Design Headquarters June 2025 Director of the Company (current position) Chief Research Officer (CRO) of the Company (current position) to present (Significant concurrent positions) - | 953 |
| (Reasons for nomination as a Director) Ms. Noriko Suenobu had been at the forefront of research and development over the years since joining POLA CHEMICAL INDUSTRIES, INC. In particular, her leadership and innovative thinking in the R&D project for Japan's first medicated cosmetics for wrinkles have been at the cutting edge of the industry. Based on her experience and expertise, she is driving innovation of the Company's skincare and hair care businesses. It is proposed that she be re-elected as a Director as she is a suitable person to contribute to further business development of the Company, taking into account the Company's future. | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|---|---|---|---------------------------------------|
| 10 |  Akie Iriyama (December 8, 1972) <div style="border: 1px solid black; padding: 5px; width: fit-content;"> Reappointed External Independent </div> | <p>April 1998 Joined Mitsubishi Research Institute, Inc.</p> <p>August 2008 Assistant Professor of School of Management, University at Buffalo, The State University of New York</p> <p>August 2013 Associate Professor of Waseda Business School</p> <p>April 2019 Professor of Waseda Business School (current position)</p> <p>June 2019 External Director of the Company (current position)</p> <p>June 2020 Outside Director of Sanoh Industrial Co., Ltd. (current position)</p> <p>December 2020 Outside Director of SEPTENI HOLDINGS CO., LTD. (current position)</p> <p>June 2021 External Director (Audit and Supervisory Committee Member) of SORACOM, INC. to present</p> <p>(Significant concurrent positions) Professor of Waseda Business School Outside Director of Sanoh Industrial Co., Ltd. Outside Director of SEPTENI HOLDINGS CO., LTD. External Director (Audit and Supervisory Committee Member) of SORACOM, INC.</p> <p>(Number of years served as the Company's External Director) 7 years at the close of this General Meeting of Shareholders</p> | 946 |
| <p>(Reasons for nomination as an External Director and expected role)</p> <p>After having worked at various institutions, Mr. Akie Iriyama is currently a professor at Waseda Business School, specializing in management strategy and global management. His advice and suggestions based on his wide-ranging knowledge of cutting-edge management have been greatly contributing to vitalization of the Board of Directors of the Company. He visits workplaces and considers the future of the Company. His high-level of awareness of the issues and diverse perspectives are the catalyst for vigorous discussion at Board of Directors meetings. He has been effectively utilizing his insight at the Board of Directors. It is proposed that he be re-elected as an External Director as he is a suitable person to contribute to the enhancement of corporate value of the Company.</p> | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|---|--|--|---------------------------------------|
| 11 |  <p data-bbox="252 566 459 633">Haruka Mera (October 20, 1987)</p> <div data-bbox="240 656 464 779" style="border: 1px solid black; padding: 5px; text-align: center;"> Reappointed External Independent </div> | <p data-bbox="496 282 1182 315">March 2011 Launched READYFOR crowdfunding service</p> <p data-bbox="496 322 1214 416">July 2014 Founded READYFOR, Inc. Representative Director & CEO of READYFOR, Inc. (current position)</p> <p data-bbox="496 423 1142 517">June 2020 External Director of the Company (current position) to present</p> <p data-bbox="496 533 1102 600">(Significant concurrent positions) Representative Director & CEO of READYFOR, Inc.</p> <p data-bbox="496 629 1198 696">(Number of years served as the Company's External Director) 6 years at the close of this General Meeting of Shareholders</p> | 0 |
| <p data-bbox="252 831 1007 864">(Reasons for nomination as an External Director and expected role)</p> <p data-bbox="252 864 1369 1106">Ms. Haruka Mera launched the “READYFOR” crowdfunding service in 2011 and has continued to support people “taking up challenges”. She is a trendsetter as one of the foremost next-generation managers in Japan and is a member of the “Subcommittee on Startup Policy Promotion” of the Cabinet Secretariat. At the Board of Directors, she has proposed solutions to many managerial and organizational issues of the Company, provided suggestions that contribute to enhancement of corporate value and social value, and has been effectively utilizing her insight and track record as a new-generation manager. It is proposed that she be re-elected as an External Director as she is a suitable person to contribute to the enhancement of corporate value of the Company.</p> | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|--|--|---------------------------------------|
| 12 |  <p data-bbox="244 768 467 824">Eriko Hayashi (August 14, 1976)</p> <div data-bbox="244 842 467 960" style="border: 1px solid black; padding: 2px;"> <p data-bbox="280 857 430 945">Reappointed External Independent</p> </div> | <p data-bbox="496 282 1007 342">October 2001 Registered as attorney at law Joined Oh-Ebashi Law Offices</p> <p data-bbox="496 353 1102 383">June 2007 Registered as New York State Attorney</p> <p data-bbox="496 394 1059 423">January 2010 Partner, Oh-Ebashi LPC & Partners</p> <p data-bbox="496 434 1174 495">June 2010 Chief Representative of Shanghai Office, Oh-Ebashi LPC & Partners</p> <p data-bbox="496 506 1198 566">March 2019 Outside Audit & Supervisory Board Member of Kaizen Platform, Inc. (current position)</p> <p data-bbox="496 577 1230 638">November 2019 Established ERI LAW OFFICE. Assumed office as Representative (current position)</p> <p data-bbox="496 649 1187 710">August 2021 Representative Employee, ERIO G.K. (current position)</p> <p data-bbox="496 721 1198 781">March 2022 Outside Audit & Supervisory Board Member of Mujin, Inc. (current position)</p> <p data-bbox="496 792 1142 880">June 2022 External Director of the Company (current position) to present</p> <p data-bbox="496 891 1235 1081">(Significant concurrent positions) Outside Audit & Supervisory Board Member of Kaizen Platform, Inc. Representative of ERI LAW OFFICE Representative Employee of ERIO G.K. Outside Audit & Supervisory Board Member of Mujin, Inc.</p> <p data-bbox="496 1115 1198 1176">(Number of years served as the Company's External Director) 4 years at the close of this General Meeting of Shareholders</p> | 574 |
| <p data-bbox="244 1216 1010 1245">(Reasons for nomination as an External Director and expected role)</p> <p data-bbox="244 1249 1398 1464">Ms. Eriko Hayashi is a licensed attorney and has held various positions and public offices based on her knowledge and experience in global corporate legal affairs. She also manages her own law firm and has experience as an outside director and an outside audit & supervisory board member of other companies. She is effectively utilizing her insight and experience not only in global and legal aspects, but also in solutions to many issues in Japan and overseas at the Board of Directors. It is proposed that she be re-elected as an External Director as she is a suitable person to contribute to the enhancement of corporate value of the Company.</p> | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|--|---|--|---------------------------------------|
| 13 |  <p data-bbox="252 593 459 654">Maiko Katadae (March 17, 1975)</p> <div data-bbox="244 672 467 790" style="border: 1px solid black; padding: 5px; text-align: center;"> <p>Reappointed External Independent</p> </div> | <p data-bbox="496 282 1225 376">May 2005 Joined The University of Tokyo Edge Capital Co., Ltd. (currently The University of Tokyo Edge Capital Partners Co., Ltd.)</p> <p data-bbox="496 387 1230 448">May 2023 Visiting Researcher, Institute for Future Initiatives, The University of Tokyo</p> <p data-bbox="496 459 1193 488">July 2023 Advisor, UTokyo Innovation Platform Co., Ltd.</p> <p data-bbox="496 499 1161 560">April 2024 President, Infinite CORE Inc. (currently Red Capital Inc.) (current position)</p> <p data-bbox="496 571 1141 667">June 2024 External Director of the Company (current position) to present</p> <p data-bbox="496 678 874 739">(Significant concurrent positions) President, Red Capital Inc.</p> <p data-bbox="496 772 1198 833">(Number of years served as the Company's External Director) 2 years at the close of this General Meeting of Shareholders</p> | 0 |
| <p data-bbox="252 875 1010 904">(Reasons for nomination as an External Director and expected role)</p> <p data-bbox="252 904 1398 1256">After completing a doctoral program in the Department of Biochemistry at the University of Tokyo Graduate School of Science, she joined The University of Tokyo Edge Capital Partners Co., Ltd. With a focus on biotech and healthcare, she is engaged in life sciences technology due diligence and investment and business support for seed/early-stage technology startups. She also serves as a council member and advisor to the Cabinet Office, the Ministry of Economy, Trade and Industry, and the Ministry of Education, Culture, Sports, Science and Technology, etc., and has contributed not only to biotechnology but also to the ocean, agriculture, green innovation, university reform, fostering local industries, and creating jobs. She is effectively utilizing her insight and achievements in the development of the Company's new businesses, and it is proposed that she be re-elected as an External Director as she is a suitable person to contribute to the enhancement of corporate value of the Company.</p> | | | |

| No. | Name (Date of birth) | Past experience, positions and significant concurrent positions | Number of shares of the Company |
|---|--|--|---------------------------------------|
| 14 |  Shoichiro Iwata (August 14, 1950) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;"> Reappointed External Independent </div> | <p>March 1973 Joined Lion Fat and Oil Co., Ltd. (currently Lion Corporation)</p> <p>March 1986 Joined PLUS CORPORATION</p> <p>March 1997 President, ASKUL Corporation</p> <p>May 2000 President & Chief Executive Officer (CEO), ASKUL Corporation</p> <p>June 2006 External Director, Shiseido Company, Limited</p> <p>April 2008 Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives)</p> <p>September 2019 Representative Director and CEO, FORCE marketing and management, inc. (current position)</p> <p>August 2020 Outside Director, Safie Inc. (current position)</p> <p>June 2021 Outside Director, S.T. CORPORATION (current position)</p> <p>September 2021 Outside Director, Arithmer Inc. (current position)</p> <p>May 2022 Outside Director, Hacobu, Inc. (current position)</p> <p>June 2025 External Director of the Company (current position) to present</p> <p>(Significant concurrent positions) Representative Director and CEO, FORCE marketing and management, inc. Outside Director, Safie Inc. Outside Director, S.T. CORPORATION Outside Director, Arithmer Inc. Outside Director, Hacobu, Inc.</p> <p>(Number of years served as the Company's External Director) 1 year at the close of this General Meeting of Shareholders</p> | 953 |
| <p>(Reasons for nomination as an External Director and expected role) Mr. Shoichiro Iwata has outstanding expertise in marketing as well as planning and development of new services. As an entrepreneur, he has developed a company he founded into a publicly listed company. He has been involved in and supported management of numerous companies, and has also made a significant contribution to strengthening governance. His experience and extensive insight contribute, in particular, to strengthening of corporate governance of the Company. It is proposed that he be re-elected as an External Director as he is a suitable person to contribute to the enhancement of corporate value of the Company.</p> | | | |

- Notes:
1. The number of shares of the Company held by the candidates for Director includes the shares held through Officers Shareholding Association of the Company as of March 31, 2026.
 2. Mr. Akie Iriyama, Ms. Haruka Mera, Ms. Eriko Hayashi, Ms. Maiko Katadae, and Mr. Shoichiro Iwata are candidates for External Director.
 3. The Company has entered into agreements with Mr. Akie Iriyama, Ms. Haruka Mera, Ms. Eriko Hayashi, Ms. Maiko Katadae, and Mr. Shoichiro Iwata in accordance with Article 427 Paragraph 1 of the Companies Act and the Articles of Incorporation to limit their liability stipulated in Article 423 Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425 Paragraph 1 of the said Act. If they are reelected and assume office as Directors, the Company intends to continue the above-mentioned agreements with them.
 4. The Company has appointed Mr. Akie Iriyama, Ms. Haruka Mera, Ms. Eriko Hayashi, Ms. Maiko Katadae, and Mr. Shoichiro Iwata as Independent Directors prescribed by the Tokyo Stock Exchange and notified the said Exchange of their appointment. If they are reelected and assume office as Directors, the Company intends to reappoint them as Independent Directors.

5. There is no particular conflict of interest between Waseda Business School, where Mr. Akie Iriyama serves as a professor, Sanoh Industrial Co., Ltd. and SEPTENI HOLDINGS CO., LTD., where he serves as an Outside Director, or SORACOM, INC., where he serves as an External Director (Audit and Supervisory Committee Member), and the Company.
6. There is no particular conflict of interest between READYFOR, Inc., where Ms. Haruka Mera serves as Representative Director & CEO, and the Company.
7. There is no particular conflict of interest between Kaizen Platform, Inc., where Ms. Eriko Hayashi serves as an Outside Audit & Supervisory Board Member, ERI LAW OFFICE, where she is the Representative, ERIO G.K., where she is a Representative Employee, or Mujin, Inc., where she serves as an Outside Audit & Supervisory Board Member, and the Company.
8. There is no particular conflict of interest between Red Capital Inc., where Ms. Maiko Katadae serves as President, and the Company.
9. There is no particular conflict of interest between FORCE marketing and management, inc., where Mr. Shoichiro Iwata serves as Representative Director and CEO, Safie Inc., S.T. CORPORATION, Arithmer Inc. or Hacobu, Inc., where he serves as an Outside Director, and the Company.
10. The name of Ms. Masae Yamanaka on the family register is Masae Nakahara.
11. The name of Ms. Noriko Suenobu on the family register is Noriko Fukuyama.
12. The name of Ms. Haruka Mera on the family register is Haruka Yamada.
13. The name of Ms. Maiko Katadae on the family register is Maiko Haraguchi.
14. S.T. CORPORATION, where Mr. Shoichiro Iwata serves as an Outside Director, received an administrative order from the Consumer Affairs Agency on April 25, 2024, after the agency determined that the company had engaged in conduct in violation of the Act against Unjustifiable Premiums and Misleading Representations. Although Mr. Iwata was not aware of these facts in advance, he has always emphasized the importance of verifying the design and operation of internal control systems and ensuring legal compliance at board of directors' meetings and other opportunities. Furthermore, since these facts came to light, he has fulfilled his duties by providing advice and recommendations regarding ensuring thorough legal compliance and measures to prevent recurrence.

■ **Policy on Selection and Nomination of Directors**

The Company aims to achieve sustainable growth and long-term enhancement of corporate value for the common interest of all stakeholders. Therefore, the Company believes it is important that the Board of Directors of the Company consists of Directors who possess the diverse knowledge, experience, capabilities, insight, and values necessary to ensure a highly transparent and objective corporate governance structure, regardless of gender, race, nationality, age, or other attributes. In accordance with the above-mentioned policy, the Nomination Committee, a majority of whose members are Independent External Directors, submits a draft proposal of candidates based on its deliberations to the Board of Directors, and the Board of Directors deliberates on it, determines a proposal on election of Directors, and submits that proposal to a General Meeting of Shareholders.

■ **Policy on Selection and Nomination of Auditors**

For selection of Auditors, the Company's policy is to select candidates who have appropriate experience and abilities and necessary knowledge of finance, accounting, and legal affairs and the Company considers that it is desirable to include at least one person who has sufficient knowledge of finance and accounting. A proposal of candidates for Auditor is submitted to a General Meeting of Shareholders after deliberations and agreed upon by the Board of Auditors.

■ **Criteria for Independent External Directors and Auditors**

In addition to the above-mentioned qualifications, the Company has established objective criteria prescribed by Tokyo Stock Exchange, Inc.

■ **Directors and Officers Liability Insurance Contract Concerning Candidates for Director, Auditor, and Substitute Auditor**

The Company has entered into a directors and officers liability insurance contract with an insurance company. The insurance policy covers damages and litigation expenses that may arise as a result of claims (including shareholder derivative actions) brought against the insured (directors and auditors as well as substitute auditors of the Company and its subsidiaries) due to acts in the performance of their duties under the said insurance policy, and the Company will bear all premiums for the insured.

■ Skills Matrix of Directors and Auditors

| Name | Corporate management | Global business | Sales / marketing | R&D / intellectual property | Supply chain / production technology / quality management | IT / digitization | Finance / accounting | Human resources development / Well-being management | ESH(G) / sustainability | Compliance / legal |
|--------------------|----------------------|-----------------|-------------------|-----------------------------|---|-------------------|----------------------|---|-------------------------|--------------------|
| Directors | Kunio Yamada | • | • | • | | • | | • | • | |
| | Hidetoshi Segi | • | • | | • | | • | | • | |
| | Masaya Saito | • | • | | | | • | • | • | |
| | Shinichi Kunisaki | • | | | • | • | | • | | |
| | Yoko Fujimoto | | • | | • | • | | | | • |
| | Yasunori Kawasaki | | | • | | | | • | • | |
| | Masae Yamanaka | • | | • | | | • | | | |
| | Yoichi Honma | | | | • | • | | • | | |
| | Noriko Suenobu | | | • | • | | | | • | |
| | External Directors | Akie Iriyama | • | | | | • | • | | • |
| Haruka Mera | | • | | | | • | | | • | |
| Eriko Hayashi | | | • | | | | | | | • |
| Maiko Katadae | | • | | | • | | | | • | |
| Shoichiro Iwata | | • | | • | | • | | | | |
| Full-time Auditors | Masanori Kimura | | • | | • | | • | • | | • |
| | Hideto Uemura | | • | • | • | | | | | • |
| External Auditors | Yasuhiro Tani | • | | | | | • | | • | |
| | Eri Sugiyama | | | | | | | | • | • |
| | Asuka Terada | | | | | | | | • | • |

Note: The table above indicates highly specialized skills of each candidate. Not all knowledge and experience of each person is indicated.

Shareholder Proposals (Proposals 2 through 9)

Proposal 2 is proposed by AVI JAPAN OPPORTUNITY TRUST PLC, and Proposals 3 through 9 are proposed by LONGCHAMP SICAV (hereinafter collectively referred to as the “Proposing Shareholders”). The summaries of, and reasons for, the proposals are presented verbatim from the documents submitted by the Proposing Shareholders, with the exception of proposal numbers and formal revisions.

Proposal 2: Dismissal of one director

(1) Summary of the Proposal

Dismissal of the following director:

Kunio Yamada, Chairman and Representative Director

(2) Reasons for the Proposal

1) Despite a series of questionable management decisions as the top of management, Mr. Yamada continues to have significant influence over the Company’s management decisions

Mr. Kunio Yamada is the fourth-generation member of the Company’s founding family. He assumed office as President and Representative Director of the Company in June 1999, and has served as Chairman and Representative Director since June 2009. In total, he has been in a position to oversee the Company’s management for an extremely long period of approximately 27 years. His contribution to enhancing the Company’s corporate value, particularly during his tenure as President and Representative Director in the 2000s, should be recognized to a certain extent, including the management decision in 2001, two years after he became president, to enter the skincare business, which now accounts for more than half of the Company’s sales.

However, in recent years, during his tenure as Chairman and Representative Director, there have been a number of management decisions that raise serious questions, including the rapid expansion of investment in the medical business area and substantial underachievement against the post-investment business plans for large-scale overseas M&A transactions such as Eu Yan Sang International Ltd. With respect to Mr. Yamada’s influence over such management decisions, the Company states in its disclosed Q&A on management strategy that “The Chairman takes a long-term, group-wide view—crafting vision and building external networks. The President leads line organizations, executing mid-term strategy and overseeing day-to-day operations.” It is therefore clear from the Company’s own public disclosures that Mr. Yamada, as Chairman and Representative Director, continues to serve as the top of the Company’s management.

2) The founding-family-led management structure has continued without legitimate reason, despite the absence of commensurate capital backing

From the perspective of the relationship between the founding family and the Company, the founding family’s shareholding ratio, calculated by aggregating the holdings of Yamada Kosan Limited Private Company, Sansyo Kosan Co., Ltd., and Ms. Kiyoko Yamada, is less than 8% of the Company’s issued shares. Looking only at the shareholding ratio of the asset management company of which Mr. Kunio Yamada is a director, the figure is even lower, at 3.56%. Despite this shareholder composition, since the

founding of Shintendo Yamada Anmin Pharmacy, the predecessor of the Company, in 1899, members of the founding family have continued to hold the positions of chairman or president over four generations. In particular, Mr. Yamada served as President and Representative Director for approximately 10 years from 1999 and has served as Chairman and Representative Director for 17 years since 2009, for a total tenure of 27 years. This is an extremely long tenure compared with the average CEO tenure of Japanese companies, which is concentrated in the range of four to six years. (Reference Material 1 for the Ministry of Economy, Trade and Industry’s “Study Group on Sustainable Enhancement of Corporate Value,” May 7, 2024) In this way, while members of the Yamada family, the founding family, have consistently overseen management as representative directors, internal directors and executive officers, including the president, have been replaced periodically. However, this consistent founding-family-controlled management structure cannot be justified, at least from the perspective of shareholding ratio, and the basis for the current chairman-led management structure, which has continued for approximately 30 years, is unclear.

With respect to owner- or family-led management, the Tokyo Stock Exchange has also expressed concerns that business strategies may “prioritize the wishes of the family” and that business decisions may be made that “lack economic rationality from the perspective of the capital market,” thereby creating a gap with investors’ perspectives. (Materials published by the Listing Department of the Tokyo Stock Exchange, “Future Measures for the Standard Market,” February 18, 2026)

3) The Company has failed to monetize the regenerative medicine-related business despite many years of substantial investment, and has failed to fulfill its accountability by neglecting sufficient disclosure to investors and shareholders that is conscious of the cost of capital

In addition, under the leadership of Mr. Yamada, the Company entered the regenerative medicine field in 2013 as a medium- to long-term growth theme. Based on the Company’s past disclosure materials and publicly available information, while substantial management resources have been allocated to this business, including investments and acquisitions related to companies in regenerative medicine alone amounting to around JPY 10.0 billion, cumulative research and development expenses of approximately JPY 2.0 billion, and significant personnel and other expenses, the Company has disclosed that the business is not expected to make any profit contribution at least until 2030, approximately 17 years after the business was launched. Furthermore, according to the Company’s Q&A on management strategy, annual investment of JPY 1.0 to 2.0 billion is expected to continue for research and development. In the Company’s Medium- to Long-Term Growth Strategy, the Company plans to monetize the business through the market launch or out-licensing of pipelines from around 2030. However, even today, 13 years after the business began, there is no prescription drug that has reached market launch, nor is there any development product that has even reached Phase III clinical trials, the expanded verification stage of efficacy and safety conducted prior to market launch. In addition, according to the Well-being Report 2025 disclosed by the Company in 2025, as of September 2025, none of the pipelines had yet reached the start of Phase III clinical trials. Under these circumstances, from the perspective of shareholders and investors, it is highly unclear whether the management resources invested since 2013 will generate

investment returns such that the present value of cash flows discounted by the cost of capital will become positive from 2030 onward. Nevertheless, disclosure regarding the healthcare business, particularly regenerative medicine, in the context of business portfolio management conscious of the cost of capital is extremely limited. Specifically, public information regarding healthcare-related businesses, such as regenerative medicine and prescription ophthalmology, is grouped together under the “Medical Business.” The only management indicator disclosed is the sales target, namely a target of JPY 32.8 billion for fiscal 2030, almost flat compared with fiscal 2027, and a broad target range of JPY 55.0 to 65.0 billion for fiscal 2035. With respect to profitability, however, there is no specific disclosure whatsoever, not only of actual results but even of targets. In addition, research and development budgets are disclosed only on an aggregate basis for all businesses, and even within the broad category of “Medical Business,” budgets by business are not disclosed. Such business investment without accountability must be regarded as extremely inappropriate from the perspective of disclosure to investors and shareholders. It must also be said that the Company has failed to comply with Principle 5-2 of the Corporate Governance Code, which states that companies should clearly explain, in words and logic that are easily understandable to shareholders, what specific actions they will take with respect to the review of the business portfolio and the allocation of management resources, including capital investment, research and development investment, and investment in human capital. In addition, in the examples of “companies with gaps from investors’ perspectives” disclosed by the Tokyo Stock Exchange in November 2024 in connection with the realization of management conscious of the cost of capital and stock price, the TSE noted that even indicating policies or views on the downsizing or withdrawal of existing businesses would provide reassurance to investors. However, there is no reference whatsoever to such matters in the Company’s disclosure materials, such as the Rohto Group Medium- to Long-Term Growth Strategy 2025–2035. The Company states that, with respect to expanded investments including the medical business, it limits research and development expenses to 5% of consolidated sales. However, this must be regarded as a mere stopgap measure that papers over the issue, and it is clear that the Board of Directors is seeking to avoid its responsibility to disclose the essential business portfolio.

Against this backdrop, Mr. Yamada stated in a past media interview that, “The management approach of ‘selection and concentration’ is emphasized. However, I do not really accept this.” (Nikkei Business, December 2025) He also stated, with respect to the Company’s disclosed Medium- to Long-Term Management Strategy 2025–2035, that it is “not so much a target, but more like, if we continue doing the various things we are doing now, it will probably end up around this level; it is more of an ‘outlook’ than a ‘plan.’” (NewsPicks, October 2025) These statements are clearly typical examples of a gap with investors’ perspectives in management conscious of the cost of capital and stock price, as described above. They must also be said to run counter to Supplementary Principle 5.2.2 of the Corporate Governance Code, which forms part of the listing rules and provides that “recognizing that a mid-term business plan (chuuki keiei keikaku) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan”.

Under these circumstances, at the Company’s 89th Ordinary General Meeting of Shareholders held on June 26, 2025, the approval rate for the proposal to elect Mr. Yamada as a director was 87.16%, which

was lower than the approval rates of 90% or more for each proposal to elect the Company's internal directors other than Mr. Yamada. This is evidence that shareholders have not sufficiently understood or supported Mr. Yamada's management structure, under which he continues family management despite the fact that the shareholding ratio of Mr. Yamada himself and his asset management company is less than 5%, or the manner in which he fulfills accountability for business portfolio management.

4) Mr. Yamada should be dismissed, rather than merely retire, because he has failed to fulfill his responsibilities as a director

As described above, the current management of the Company under Mr. Yamada has tolerated investments that cannot be justified from the perspective of the cost of capital for more than 10 years and has failed to provide appropriate disclosure that would contribute to investors' and shareholders' understanding. It can therefore be said that this has damaged the Company's corporate value, and from the perspective of corporate governance, breaking away from this management structure is an urgent issue. The Company should immediately transition away from the founding-family management that has been passed down for more than 120 years since the Company's founding in 1899, and move to a structure capable of making management decisions that contribute to maximizing corporate value in the true medium- to long-term and sustainable sense, from the perspective of management conscious of the cost of capital and stock price. Mr. Yamada has continued this problematic management structure and has failed to fulfill the responsibilities he should fulfill as a director. Accordingly, in order to make clear his responsibility, he should be removed by dismissal rather than retire upon the expiration of his term of office.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

The Company recognizes the appointment and dismissal of directors as important matters directly related to enhancing corporate value and securing the common interests of shareholders, and we believe that such matters should be judged from the perspective of how each individual director currently contributes to the Company. Accordingly, we believe that it is not appropriate to seek the dismissal of a director solely on the basis of external factors such as being from the founding family or length of tenure. This shareholder proposal seeks the dismissal of Mr. Kunio Yamada on the basis of his attributes, length of tenure, and the status of the Company's information disclosure; however, we have not identified any fact indicating that Mr. Yamada's continued appointment has caused concrete harm to the Company's corporate value or the common interests of shareholders. In addition, the term of office of the Company's directors is one year, and a proposal for the reappointment of Mr. Yamada has also been submitted to this Ordinary General Meeting of Shareholders. Accordingly, shareholders have the opportunity to judge the appropriateness of Mr. Yamada serving as a director of the Company through their votes for or against such reappointment proposal.

Since Mr. Yamada assumed the position of President and Representative Director in June 1999, the Company has increased sales by more than six times, from JPY 55.7 billion to JPY 343.7 billion, and operating income by more than eight times, from JPY 4.8 billion to JPY 41.1 billion. Even after assuming the position of Chairman and Representative Director in 2009, he has increased sales by more than three times, from JPY 113.4 billion to JPY 343.7 billion, and operating income by more than three times, from JPY 12.5 billion to JPY 41.1 billion, while also expanding the overseas sales ratio from 29% to 50.7%, thereby leading the Company's development into a global company. Over the past five years, sales have increased by 1.9 times, from JPY 181.2 billion to JPY 343.7 billion, and operating income by 1.8 times, from JPY 22.9 billion to JPY 41.1 billion, and we expect continued growth going forward.

Furthermore, in the area of M&A strategy, Mr. Yamada has contributed significantly to enhancing the corporate value of the Group, including by growing sales, on a local currency basis, from the time of acquisition to fiscal 2024 by 8.6 times at DAX Cosmetics, 2.6 times at Ophthalmos S.A., and 2.2 times at ROHTO NITTEN.

In addition, the Company reviews the appropriateness of continuing to appoint directors through procedures that ensure objectivity and transparency, within the Nomination Committee, a majority of whose members are independent outside directors and whose chair is an independent outside director. Mr. Yamada has likewise been subject to rigorous deliberation within this framework. Through such procedures, he has in fact repeatedly received the confidence of shareholders at General Meetings of Shareholders.

With respect to the assertion in this proposal that substantial investments have been made in the medical business and that information disclosure regarding such business is insufficient, we do not believe that the status of the Company's information disclosure serves as a basis for the appropriateness of dismissal. The Company's research and development expenses, including those for the medical business such as regenerative medicine, are controlled at an appropriate level of approximately 4% to 5%, which is reasonable compared with peer companies, and are not expected to become excessive in the future. In addition, the disclosure of the progress of research and development and the results of clinical trials relates to matters that directly affect business viability. Prematurely disclosing detailed information while scientific verification is still in progress may lead to excessive expectations or misunderstandings and entails the risk of providing shareholders and investors with misleading information for their judgment. Furthermore, disclosing details of research content or development plans could damage the Company's technological advantage or invite imitation by competitors, and therefore careful handling is essential. We consider it of utmost importance to ensure transparency for shareholders and investors while maintaining careful and appropriate information management, and will, as before, actively provide information to the extent possible within the scope of disclosure.

As described above, we have not identified any objective facts that would serve as a basis for the appropriateness of dismissing Mr. Yamada, and believe that his continued service in his role will contribute to enhancing the Company's corporate value and securing the common interests of shareholders.

For the reasons stated above, the Board of Directors **opposes this proposal**.

Shareholder Proposals (Proposals 3 through 9)

Proposals 3 through 9 are proposed by LONGCHAMP SICAV.

Proposal 3: Amendment to the Articles of Incorporation regarding the establishment of a Strategic Review Committee

(1) Summary of the Proposal

The following provisions shall be newly established in Chapter 4, “Directors and the Board of Directors,” of the Company’s Articles of Incorporation, and the existing Articles 29 and thereafter shall each be renumbered accordingly. If formal adjustments to the provisions stated in this proposal, including adjustments to article numbers, are required due to the approval of other proposals at the Ordinary General Meeting of Shareholders, including company proposals, such provisions shall be replaced with the provisions after such necessary adjustments have been made.

(Establishment of a Strategic Review Committee)

Article 29

For the purpose of enhancing corporate value and securing the common interests of shareholders, the Company shall establish a Strategic Review Committee under the Board of Directors.

- ② The Strategic Review Committee shall be composed solely of outside directors.
- ③ The Strategic Review Committee shall review and evaluate the following matters, report the results to the Board of Directors, and, as necessary, report at the General Meeting of Shareholders and appropriately disclose to shareholders and stakeholders the summary and results of its review:
 - 1) Optimization of the business portfolio, including withdrawal, separation, sale or other restructuring of businesses with low profitability and capital efficiency, including the Medical Business;
 - 2) Improvement of capital efficiency taking into account the cost of capital, and consideration of measures to further improve ROE;
 - 3) Consideration of acquisition proposals by third parties, going-private transactions and other strategic options;
 - 4) Review of capital policy to enhance corporate value and taking into account the cost of capital; disclosure of the Company’s approach to the cost of capital; and verification of whether each business generates returns exceeding its cost of capital; and
 - 5) Establishment of a framework to enhance constructive dialogue with shareholders, and ensuring appropriate involvement of top management and outside directors in such dialogue.
- ④ The Strategic Review Committee may receive advice from external experts to the extent necessary for the performance of its duties.
- ⑤ In addition to these Articles of Incorporation, other matters concerning the Strategic Review Committee shall be governed by the Strategic Review Committee Rules prescribed by the Board of Directors.

(2) Reasons for the Proposal

The Company has high profitability and strong track records in its Eye Care and Skin Care businesses. On the other hand, the medical business, which the Company positions as a growth business, has continued to require substantial investment, while its sales scale remains limited and there are doubts regarding the feasibility of recovering such investment. Although a sales target for 2030 has been disclosed, there is no disclosure from the perspective of investment recovery taking into account the cost of capital, and no policy has been disclosed regarding withdrawal, separation, sale or other measures. In addition, the Company has adopted capital policies that raise questions regarding consistency with the interests of existing shareholders, such as the issuance of convertible bonds involving share dilution.

In light of the above, we propose this proposal because we believe that establishing a Strategic Review Committee composed solely of outside directors, and having such committee objectively review the business portfolio, including strategic options such as withdrawal, separation or sale of the Medical Business, as well as capital efficiency improvements and capital policies that take into account shareholder value and the cost of capital, and appropriately disclose the summary and results of such review, will contribute to enhancing corporate value and securing the common interests of shareholders.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

The Company believes that it is appropriate for the Board of Directors to oversee and deliberate on important matters such as reviewing our business portfolio, determining whether to continue, strengthen, or restructure individual businesses, determining the direction of our capital policy, and considering strategic options, after the Company has conducted sufficient consideration from the perspective of enhancing medium- to long-term corporate value and the common interests of shareholders. The matters addressed in this shareholder proposal all relate to the core of the Company's management strategy and capital policy, and should, in principle, be handled integrally and comprehensively by the Board of Directors within the framework of normal management judgment and oversight.

In particular, the nature of our business portfolio and the positioning of individual businesses cannot be judged solely on current profitability or market valuation. We believe that these matters should be continuously considered from a multifaceted perspective, including the progress of research and development, the feasibility of commercialization, the competitive environment, the investment burden, the relationship with other businesses, and consistency with overall capital allocation. Furthermore, improving capital efficiency, reviewing capital policy, responding to acquisition proposals and other strategic options, and the nature of dialogue and disclosure with shareholders are not matters to be discussed in isolation. These matters are closely related to our business and financial strategies and must be judged by the Board of Directors, taking overall consistency into consideration.

Accordingly, the establishment of a Strategic Review Committee composed solely of outside directors and capable of independently selecting external advisors, as requested in this shareholder proposal, and the matters to be considered by such committee are matters that should, in principle, be overseen and deliberated on responsibly by the Board of Directors. We do not believe that separating these matters and handling them through a committee stipulated in the Articles of Incorporation is necessarily appropriate. Rather, establishing such a standing committee may not only make the division of roles and responsibilities between the Board of Directors and the committee unclear, but also create a mixture of supervision and execution, make the process of review and decision-making multi-layered, and cause a mismatch between responsibility and authority.

For the reasons stated above, the Board of Directors **opposes this proposal**.

Proposal 4: Amendment to the Articles of Incorporation regarding the decision-making body for dividends from surplus and other distributions

(1) Summary of the Proposal

Article 39 of the Company’s Articles of Incorporation shall be amended as follows. If formal adjustments to the provisions stated in this proposal, including adjustments to article numbers, are required due to the approval of other proposals at the Ordinary General Meeting of Shareholders, including company proposals, such provisions shall be replaced with the provisions after such necessary adjustments have been made.

The underlined portions indicate the amendments.

| Before Amendment | After Amendment |
|--|--|
| Decision-Making Body for Dividends from Surplus and Other Distributions | Decision-Making Body for Dividends from Surplus and Other Distributions |
| Article 39 The Company shall determine matters concerning dividends from surplus and other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, without a resolution of the General Meeting of Shareholders, except as otherwise provided by laws and regulations. | Article 39 The Company <u>may</u> determine matters concerning dividends from surplus and other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, except as otherwise provided by laws and regulations and except where such matters are determined by resolution of the General Meeting of Shareholders. |

(2) Reasons for the Proposal

Under the Company’s Articles of Incorporation, the decision-making body for dividends from surplus and other distributions is the Board of Directors, and such matters are determined by resolution of the Board of Directors. This restricts shareholders’ rights with respect to dividends from surplus and other distributions. Accordingly, in addition to allowing dividends from surplus and other distributions to be determined by resolution of the Board of Directors, the Articles of Incorporation should be amended so that, where a proposal is submitted by a shareholder, such matters may be determined by resolution of the General Meeting of Shareholders.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

The Company recognizes shareholder returns as one of its important management issues and continuously considers its capital policy, including the nature of returns, through dialogue with shareholders and investors. We consider the opinions received from shareholders to be important factors in considering our capital policy from the perspectives of return levels, capital efficiency, investment capacity, and other aspects. The Company strives to improve its capital policy based on the insights gained through such dialogue.

On the other hand, we believe that dividends from surplus and other distributions should not be judged as a standalone return policy, but rather as an integral part of the overall capital allocation, including growth investments, financial discipline, and shareholder returns. Therefore, rather than isolating and judging individual proposals at the General Meeting of Shareholders, we believe it is more appropriate for the Board of Directors to make comprehensive judgments within the overall capital policy, based on continuous dialogue with shareholders and investors.

Furthermore, in its Medium- to Long-Term Growth Strategy announced on May 13, 2025, the Company has set targets for cash allocation until 2030, including a shareholder return of 80.0 billion yen over the six years from 2025 to 2030, and a dividend payout ratio of 30% or more and a DOE of 3.5% or more, demonstrating its commitment to enhancing stable returns over the medium- to long-term. For the fiscal year ended March 31, 2026, the Company plans to pay an annual dividend of 46 yen per share, marking its 22nd consecutive year of dividend increases. Under these policies, and taking into account dialogue with shareholders and investors, the Board of Directors makes appropriate decisions regarding dividends from surplus and other distributions within the overall framework of capital allocation, including growth investments, financial discipline, and shareholder returns.

This shareholder proposal seeks to amend the Articles of Incorporation so that decisions regarding dividends from surplus and other distributions can be made at the General Meeting of Shareholders. We believe it is appropriate to make decisions regarding dividends from surplus and other distributions within the context of the Company's overall capital policy, taking into account dialogue with shareholders. We also believe that maintaining the current framework of the Board of Directors is the appropriate way to make such decisions.

For the reasons stated above, the Board of Directors **opposes this proposal**.

Proposal 5: Repurchase of Shares

(1) Summary of the Proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act, the Company shall repurchase its common shares, by cash payment, within one year from the conclusion of this Ordinary General Meeting of Shareholders, up to a maximum of 22,600,000 shares and a maximum aggregate acquisition price of JPY 55,000,000,000; provided, however, that if the Board of Directors of the Company resolves to repurchase treasury shares during the period from April 1, 2026 to the date of this Ordinary General Meeting of Shareholders, the aggregate acquisition price of such repurchase shall be deducted from the above maximum aggregate acquisition price.

(2) Reasons for the Proposal

The Company's average ROE over the past 10 years has remained at approximately 10%, significantly lagging behind global peers. In order to improve ROE, in addition to continuous profit growth, it is essential to improve capital efficiency through further enhancement of shareholder returns. Although the Company announced a share repurchase of up to JPY 3.0 billion in March 2026, the scale of such repurchase is clearly insufficient as a measure to improve capital efficiency.

In the Q&A on management strategy, the Company has disclosed its recognition that its actual share price is low relative to its theoretical share price. Repurchasing shares at an undervalued level would not only contribute to increasing corporate value through the improvement of earnings per share and book value per share, but would also have the effect of reducing the future dividend burden by decreasing the total number of issued shares. This is not a short-term share price measure, but a measure that contributes to enhancing corporate value in the medium to long term.

In light of the above, we believe that, for the purpose of enhancing corporate value in the medium to long term through improved capital efficiency, the Company should repurchase treasury shares equivalent to approximately 10% of the total number of issued shares.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

In the Medium- to Long-Term Growth Strategy announced by the Company on May 13, 2025, the Company set forth its policy of balancing the acceleration of growth investments, such as production facilities, research and development, and M&A, with stable and continuous shareholder returns, and has comprehensively designed its overall capital allocation, including growth investments, financial discipline, and shareholder returns.

We fully recognize the importance of capital efficiency and market valuation, and consider share buybacks as one of our capital policy options. On the other hand, we believe that the necessity, timing, and scale of share buybacks should not be considered as a standalone return measure, but rather as a comprehensive decision based on our financial balance, future investment capacity, financing policy, and alignment with our overall shareholder return strategy, taking into account our balance sheet strategy, market environment, and share price levels.

Furthermore, regarding shareholder returns, the Company aims for a dividend payout ratio of 30% or more and a DOE of 3.5% or more, and plans to pay an annual dividend of 46 yen per share for the fiscal year ended March 31, 2026, marking its 22nd consecutive year of dividend increases. In addition, the Company has consistently maintained a double-digit ROE, and we believe that enhancing corporate value should be achieved not solely through one-time, fixed-scale share buybacks, but through a comprehensive approach that includes sustainable profit growth, appropriate investment, maintenance of financial discipline, and improved shareholder returns.

This shareholder proposal calls for a share buyback of up to JPY 55.0 billion within one year from the conclusion of this Ordinary General Meeting of Shareholders. From the Company's perspective, predetermining such a fixed scale and timing at the General Meeting of Shareholders would not only risk being inconsistent with the Company's current balance sheet strategy, financial capacity, and future investment capacity, but must also be regarded as being based on a short-term perspective. If such a proposal is approved, the balance of the Company's overall capital allocation, including growth investments, financial discipline, and shareholder returns, may be significantly impaired, potentially harming the enhancement of the Company's medium- to long-term corporate value and the common interests of shareholders. We believe that decisions regarding share buybacks should be made by the Board of Directors based on the future business environment, investment opportunities, financial balance, and the market valuation of the Company.

For the reasons stated above, the Board of Directors **opposes this proposal**.

Proposal 6: Approval of compensation amount for restricted stock compensation plan

(1) Summary of the Proposal

The maximum amount of compensation for the Company's directors was approved at the Ordinary General Meeting of Shareholders held on June 24, 2014 as an annual amount of up to JPY 700 million, excluding employee salaries for directors concurrently serving as employees. In addition to this, the Company shall newly grant monetary compensation claims for the grant of restricted stock to the Company's directors, including directors who are outside directors, in an annual amount of up to JPY 700 million and with an upper limit of 300,000 shares to be granted.

The specific timing and allocation of payments shall be determined by the Board of Directors, but the plan shall be designed as a performance-linked incentive plan. Various KPIs, including ROE and TSR, or total shareholder return, may be considered as performance indicators, but the specific indicators should be appropriately determined by the Board of Directors in light of the Company's management strategy and business environment. In addition, if the performance targets are met, the plan shall be designed so that restricted stock equivalent in aggregate to three times fixed compensation will be granted over the next three years.

(2) Reasons for the Proposal

The Proponent believes that the greatest weakness of Japanese boards of directors is the lack of shareholder perspective resulting from the low level of share ownership by directors. At the Company as well, excluding members of the founding family, directors hold only a small number of shares, most compensation depends on basic compensation, and although performance-linked compensation has been introduced, value sharing with shareholders cannot be said to be sufficient. In order to align the interests of directors and shareholders, the introduction and expansion of stock-based compensation linked to share price is essential.

The benchmark for stock-based compensation designed to promote value sharing between directors and shareholders is considered to be an amount equivalent to three times fixed compensation. However, the Company has not introduced a restricted stock compensation plan, and its incentive design for sharing interests with shareholders is insufficient. Because restricted stock compensation lacks effectiveness unless it is granted during the director's term of office, grants of a certain scale over a shorter period are necessary. In Europe and the United States, guidelines generally require top management to hold shares equivalent to three to five times basic compensation and even outside directors to hold shares equivalent to approximately one times basic compensation. The Company should also establish and disclose such guidelines.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

The Company's director compensation system consists of basic compensation and performance-based compensation. Specifically, basic compensation is fixed compensation paid according to responsibilities and roles, while performance-based compensation is determined based on the degree of achievement of annual performance targets and the evaluation of contributions to enhancing medium- to long-term corporate value. In addition, the Company has established a Compensation Committee, a majority of whose members are independent outside directors, and determines the amount of compensation for each director through a process that ensures objectivity and transparency, including by referring to trends and survey data regarding compensation levels at companies of a similar business scale to the Company.

On that basis, the Company currently intends to review its overall executive compensation system, including consideration of the introduction of a restricted stock compensation plan, and recognizes the importance of doing so. The Company has a business structure that seeks sustainable growth through continuous investment in research and development and the development of new businesses. Accordingly, directors are required to make management decisions based on the perspective of enhancing medium- to long-term corporate value, without being overly influenced by short-term market valuations or financial indicators. Therefore, we believe that it is essential to carefully examine the design of any new compensation system, including stock-based compensation, in light of its consistency with the Company's business characteristics and the timeframe for management decisions, and to optimize it within the overall compensation system. This shareholder proposal would individually determine in advance a portion of the comprehensive review process for the compensation system that the Company plans to undertake, and we believe that it is not necessarily appropriate from the perspective of consistency and appropriateness of the Company's overall compensation system.

Accordingly, we believe that the specific details of the director compensation system should be continuously considered and reviewed within the framework of the Compensation Committee and other relevant bodies, taking into account consistency with the Company's management strategy, business characteristics, and personnel requirements. The compensation system should be designed as a whole, comprehensively taking into account the composition and weighting of each element, such as fixed compensation, performance-linked compensation, compensation based on ESG indicators, and stock-based compensation, for the purpose of providing appropriate incentives. We believe that individually determining such details at the General Meeting of Shareholders may impair the Company's ability to design the system flexibly and agilely in response to changes in the management environment.

For the reasons stated above, the Board of Directors **opposes this proposal**.

Proposal 7: Amendment to the Articles of Incorporation regarding the composition of outside directors

(1) Summary of the Proposal

In order to make a majority of the Company’s directors outside directors, Article 19 of the Company’s Articles of Incorporation shall be amended as follows. If formal adjustments to the provisions stated in this proposal, including adjustments to article numbers, are required due to the approval of other proposals at the Ordinary General Meeting of Shareholders, including company proposals, such provisions shall be replaced with the provisions after such necessary adjustments have been made.

The underlined portions indicate the amendments.

| Before Amendment | After Amendment |
|--|--|
| Number of Directors | Number of Directors |
| Article 19 The number of directors of the Company shall be 15 or less. | Article 19 The number of directors of the Company shall be 15 or less. |
| <u>2. (Newly established)</u> | <u>2. For as long as the Company remains a listed company, a majority of the Company’s directors shall be outside directors as defined in Article 2, Item 15 of the Companies Act.</u> |

(2) Reasons for the Proposal

Principle 4-8 of the Corporate Governance Code provides that Prime Market-listed companies should appoint independent outside directors representing at least one-third of the Board of Directors and that, where necessary, a majority of independent outside directors should be appointed.

At the Company, only five of the 14 directors are outside directors. Although this formally satisfies the requirement, there remains room for improvement from the perspective of the independence of the Board of Directors and the effectiveness of its supervisory function. By making outside directors a majority of the Board of Directors, discussions based on perspectives independent from management will be promoted, and it will be possible to build a governance structure that contributes to enhancing the Company’s medium- to long-term corporate value.

In addition, with respect to outside directors, not only the number but also the quality of such directors is important. The Company should consider appointing personnel who are well-versed in the capital markets, particularly personnel with extensive experience and skills as analysts. Such personnel would bring investors’ perspectives to the Board of Directors and contribute to improving the quality of decision-making aimed at enhancing corporate value.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

The Company established a Nomination Committee in 2019, a majority of whose members are independent outside directors, to consider important matters concerning the nomination of directors and other officers. The Nomination Committee reviews the composition of the Board of Directors through a process that ensures independence and objectivity, comprehensively taking into account the expertise, diversity, and overall effectiveness of the Board of Directors necessary for executing the Company's management strategy.

In particular, outside directors perform not only a supervisory function over management but also an advisory function from specialized and diverse perspectives. We believe that appropriately combining internal and external knowledge is important for ensuring the effectiveness of the Board of Directors. In fact, the Company's current outside directors have diverse expertise in a wide range of fields, including business administration, venture management, law, startup investment support, and corporate founding. We recognize that this is an optimal composition for appropriately overseeing management from the perspective of the capital markets toward the achievement of the Medium- to Long-Term Growth Strategy announced by the Company on May 13, 2025.

We understand that the ratio of independent outside directors should be determined based on each company's business characteristics, organizational structure, and other individual circumstances, and that a uniform numerical standard is not absolutely required. On the other hand, the Corporate Governance Code provides that Prime Market listed companies should appoint independent outside directors representing at least one-third of the Board of Directors. In light of the importance of this principle, the Company has increased the ratio of outside directors from 15.4% in fiscal 2014, or 2 out of 13 directors, to 35.7% in fiscal 2025, or 5 out of 14 directors, thereby satisfying the level required under the Corporate Governance Code. In addition to such formal aspects, from the perspective of actual operation, the Company has also established a framework in which the opinions of independent outside directors are respected and multifaceted and active deliberations take place at meetings of the Board of Directors.

This shareholder proposal would fix the ratio of outside directors in the Articles of Incorporation. However, we believe that doing so may restrict the Company's ability to flexibly consider the optimal composition of the Board of Directors in accordance with the management issues and personnel requirements at any given time, and may impair the agility of director appointments. The Company will continue to consider the appropriate composition of the Board of Directors, without being bound by a uniform framework, in order to enhance corporate value and, ultimately, contribute to the interests of shareholders.

For the reasons stated above, the Board of Directors **opposes this proposal**.

Proposal 8: Amendment to the Articles of Incorporation regarding measures to realize management that is conscious of the cost of capital and share price

(1) Summary of the Proposal

The following provision shall be newly established in the Company’s Articles of Incorporation. If formal adjustments to the provisions stated in this proposal, including adjustments to article numbers, are required due to the approval of other proposals at the Ordinary General Meeting of Shareholders, including company proposals, such provisions shall be replaced with the provisions after such necessary adjustments have been made.

The underlined portions indicate the amendments.

| Before Amendment | After Amendment |
|---------------------|---|
| (Newly established) | <u>Chapter 8 Disclosure</u> |
| | <u>Disclosure regarding management that is conscious of the cost of capital and share price</u> |
| | <u>Article 42 For as long as the Company remains a listed company, the Company shall verify the appropriateness of its initiatives and disclosure based on the “Key Points and Examples Considering the Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price” published by the Tokyo Stock Exchange on February 1, 2024, and shall disclose the content of its initiatives in accordance with the items set forth in such Key Points and Examples in its Corporate Governance Report and on the Company’s website.</u> |

(2) Reasons for the Proposal

The Tokyo Stock Exchange requests all listed companies to take “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” (the “TSE Request”), and, in order to ensure the effectiveness of such action, requests companies to respond based on the “Key Points and Examples Considering the Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price” (the “Key Points and Examples”).

The Company has already made disclosure based on the TSE Request. However, the Company has not disclosed targets for capital profitability, such as ROE or ROIC, nor has it disclosed any assessment of whether each of its diversified businesses generates returns exceeding its cost of capital. This indicates that the Company’s response to the “fundamental initiatives with an awareness of appropriate allocation of management resources” set out in the Key Points and Examples is insufficient, and serious issues remain with respect to effectiveness. We believe that disclosing specific details based on the Key Points and Examples will promote the visualization of capital efficiency in each business and the appropriate allocation of management resources, thereby enabling the Company to meet the expectations of shareholders with a medium- to long-term perspective.

Board of Directors' opinion

The Board of Directors **opposes this proposal.**

The Company fully recognizes the importance of management that is conscious of the cost of capital and share price. From the perspective of enhancing corporate value in the medium to long term and securing the common interests of shareholders, we believe it is important to continuously work on improving capital efficiency, appropriate capital allocation, and constructive dialogue with shareholders and investors. In fact, these matters are positioned as important management issues within the Company's Medium- to Long-Term Growth Strategy, capital policy, and shareholder return policy.

In the Medium- to Long-Term Growth Strategy announced by the Company on May 13, 2025, the Company disclosed its approach to capital measures in relation to the Tokyo Stock Exchange's request for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." The Company has set forth the objective of "maintaining ROE of 10% or higher," and its ROE for the fiscal year ended March 31, 2026 reached 12.1%. In addition, the Company recognizes its cost of shareholders' equity as 6 to 8%, and will continue constructive dialogue with the capital market while aiming to enhance corporate value in the medium to long term and maximize the common interests of shareholders by securing profitability that exceeds its cost of shareholders' equity.

However, capital allocation based on the cost of shareholders' equity, various measures conscious of share price, and the nature of shareholder returns, dialogue, and disclosure are all matters closely related to the Company's business strategy and capital policy. We believe that the proper division of roles is for such matters to be specifically considered and implemented in the course of business execution, with the Board of Directors overseeing and deliberating on their content. We also believe that these matters should be reviewed continuously and flexibly, taking into account the business environment, investment opportunities, capital market conditions, and other various factors. Therefore, we believe that rigidly defining the content of measures and the nature of disclosure regarding management conscious of the cost of capital and share price in the Articles of Incorporation, as proposed in this shareholder proposal, may not only hollow out the Company's ordinary framework for review and oversight, but also impair the flexibility and agility of management decisions.

For the reasons stated above, the Board of Directors **opposes this proposal.**

Proposal 9: Amendment to the Articles of Incorporation regarding the record date for the Ordinary General Meeting of shareholders

(1) Summary of the Proposal

Article 14 of the Company’s Articles of Incorporation shall be amended as follows. If formal adjustments to the provisions stated in this proposal, including adjustments to article numbers, are required due to the approval of other proposals at the Ordinary General Meeting of Shareholders, including company proposals, such provisions shall be replaced with the provisions after such necessary adjustments have been made.

The underlined portions indicate the amendments.

| Before Amendment | After Amendment |
|--|---|
| Record Date for the Ordinary General Meeting of Shareholders | Record Date for the Ordinary General Meeting of Shareholders |
| Article 14 The record date for voting rights at the Company’s Ordinary General Meeting of Shareholders shall be March 31 of each year. | Article 14 The record date for voting rights at the Company’s Ordinary General Meeting of Shareholders shall be <u>May 15</u> of each year. |
| <u>2. (Newly established)</u> | <u>2. Notwithstanding the preceding paragraph, if necessary, the Company may set a record date by resolution of the Board of Directors upon giving prior public notice.</u> |

(2) Reasons for the Proposal

Currently, the record date for voting rights at the Ordinary General Meeting of Shareholders is March 31, and the General Meeting of Shareholders is held by the end of June in accordance with the Companies Act. The Annual Securities Report is a statutory disclosure document that comprehensively contains information necessary for shareholders to make decisions on the exercise of voting rights. However, at the Company, it is disclosed immediately before the General Meeting of Shareholders, and shareholders are not provided with a substantive review period sufficient for investors to analyze its contents. By changing the record date for voting rights to mid-May, it will become possible to design a reasonable schedule for disclosure of the Annual Securities Report and other materials before the General Meeting of Shareholders. This would create an environment in which investors, proxy advisory firms and others can carefully review the information and appropriately reflect it in their views on each agenda item.

In addition, this proposal would encourage the dispersion of Ordinary General Meeting of Shareholders dates, which have historically been excessively concentrated in late June, and would contribute to realizing shareholder democracy by creating an environment in which shareholders can attend general meetings of more companies.

This proposal does not involve any change to the fiscal year-end and would not affect business operations or accounting procedures. Rather, it would contribute to improving the quality of disclosure and the effectiveness of dialogue with the market.

Board of Directors' opinion

The Board of Directors **opposes this proposal**.

The Company fully recognizes the importance of disclosing its Annual Securities Report prior to the Ordinary General Meeting of Shareholders, in light of the fact that the Annual Securities Report contains important information that is useful for investment decisions and from the perspective of further enhancing constructive dialogue with shareholders and investors. Accordingly, the Company is considering measures to ensure that its Annual Securities Report is disclosed at a time that allows shareholders sufficient time to review the information when exercising their voting rights.

However, we believe that careful consideration is still required as to whether changing the record date for voting rights from the current March 31 to May 15 each year is the most appropriate means of achieving this at this time, in light of the various practical issues described below.

First, if only the record date for voting rights is separated while the fiscal year-end and the record date for year-end dividends remain unchanged, the process of determining shareholders as of the record date would need to be conducted twice, and the mailing of related documents would be separated, thereby increasing administrative burden and costs. Second, the timing of director appointments would be delayed, which would affect the timing of the transition to the new management structure. In addition, disclosure work related to first-quarter financial results and preparation work for the General Meeting of Shareholders would overlap during a busy period, raising concerns about an increase in administrative burden. Third, as the period from the fiscal year-end to the submission of the business report would be extended, the period for reviewing subsequent events subject to audit would also become longer. In addition, if the Ordinary General Meeting of Shareholders were to be held in July or August, it would be necessary to consider the impact on shareholders' attendance and the need to ensure their safety due to the meeting being held during the extreme heat of midsummer.

To begin with, this proposal cites, as its reasons, securing a sufficient review period from the disclosure of the Annual Securities Report to the exercise of voting rights and diversifying the timing of general meetings of shareholders. However, Article 13 of the Company's Articles of Incorporation provides that the Ordinary General Meeting of Shareholders shall be convened in June each year. Therefore, even if only the record date for voting rights were changed to May, the restriction under the Articles of Incorporation that the General Meeting of Shareholders must be held during June would remain in place. In other words, there is a gap in effectiveness between the stated purpose of this shareholder proposal and the specific means proposed, and it is structurally impossible to achieve the proponent's objective through this proposal alone.

Furthermore, Paragraph 2 of this shareholder proposal would newly establish a provision allowing the Board of Directors to set a different record date. However, providing in advance in the Articles of Incorporation for the possibility of changing the record date for the Ordinary General Meeting of Shareholders may reduce the predictability of the record date for exercising voting rights for shareholders. We believe that the record date for voting rights relating to the Ordinary General Meeting of Shareholders should be clear and stable for shareholders. Accordingly, we believe that this proposal leaves practical issues unresolved with respect to the specific means of implementation and lacks sufficient consideration for shareholders' predictability regarding the record date.

For the reasons stated above, the Board of Directors **opposes this proposal**.

End