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Securities Code: 4025

March 9, 2026

To Our Shareholders:

Katsuhiko Taki, Representative Director, President

Taki Chemical Co., Ltd.

2 Midorimachi, Befu-cho, Kakogawa-shi, Hyogo

Notice of the 107th Annual General Meeting of Shareholders

We are pleased to announce the 107th Annual General Meeting of Shareholders of Taki Chemical Co., Ltd. (the “Company”), which will be held as indicated below.

Information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (excluding the voting form) for this Annual General Meeting of Shareholders (matters for which measures for providing information in electronic format are to be taken) has been provided in electronic format, so please access the Company’s website below and confirm the contents.

Company’s website: <https://www.takichem.co.jp/ir/sokai/index.html> (in Japanese)

Matters for which measures for providing information in electronic format are to be taken are also provided in electronic format on the Tokyo Stock Exchange (TSE) website. Please access the TSE website (Listed Company Search), enter “Taki Chemical” in “Issue name (company name)” or “4025” in “Code” and select “Basic information” and then “Documents for public inspection/PR information” to confirm the information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

You may exercise your voting rights either by sending the voting form back to us or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:20 p.m. on Wednesday, March 25, 2026.

1. Date and Time: Thursday, March 26, 2026, at 10 a.m. (JST) (Reception is scheduled to open at 9:15 a.m.)

2. Venue: **2nd floor of Kakogawa Plaza Hotel**
800 Mizonokuchi, Kakogawa-cho, Kakogawa-shi, Hyogo

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Audit Reports of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee for the 107th Fiscal Year (From January 1, 2025 to December 31, 2025)
2. Non-consolidated Financial Statements for the 107th Fiscal Year (From January 1, 2025 to December 31, 2025)

Matters to be resolved:

Company proposals

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Proposal No. 3 Election of One Director Who Is an Audit & Supervisory Committee Member

Shareholder proposals

Proposal No. 4 Appropriation of Surplus

- If you attend the meeting, please submit the voting form to the reception desk in the venue.
- If revisions to the matters for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's website and the TSE website on page 1.
- The following matters are not provided in the documents delivered to shareholders who have requested the delivery of paper-based documents as provided for by the provisions of laws and regulations and the Articles of Incorporation of the Company.
 - "System to ensure properness of operations, and the operational status of the system" in Business Report
 - "Consolidated Statements of Changes in Net Assets" and "Notes to Consolidated Financial Statements" in Consolidated Financial Statements
 - "Non-consolidated Statements of Changes in Net Assets" and "Notes to Non-consolidated Financial Statements" in Non-consolidated Financial StatementsThe Audit & Supervisory Committee and the Financial Auditor have audited the documents subject to audit, including the aforementioned matters.
- If there is no indication of approval or disapproval of proposals on the voting form when voting rights are exercised in writing (by mail), it will be treated as an indication of approval for Company proposals, and disapproval for shareholder proposals. Additionally, as the shareholder proposal, Proposal No. 4 (Appropriation of Surplus) is a counterproposal to the Company proposal, Proposal No. 1 (Appropriation of Surplus), the two proposals are mutually exclusive and cannot both be adopted. Therefore, note that any votes in favor of both Proposal No. 1 and Proposal No. 4 will be invalidated.
- Please note that the meeting will be conducted in Japanese only.

Reference Documents for the General Meeting of Shareholders

<Company proposals (Proposal No. 1 to Proposal No. 3)>

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividend

Taking into account the upward revision of our performance forecast and the temporary gains arising from the sale of policy-held shares, the Company proposes to pay a year-end dividend for the 107th fiscal year of ¥75, consisting of an ordinary dividend of ¥60, a special dividend of ¥10, and a commemorative dividend to commemorate the 140th year since the Company's founding of ¥5 per share, to repay the support of shareholders.

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and the aggregate amount thereof
¥75 per common share of the Company
Total dividend amount ¥625,411,650
- (3) Effective date of dividend of surplus
March 27, 2026

<Reference>

Dividend policy

The Company recognizes the return of profit to its shareholders as a key management priority. With a target consolidated dividend payout ratio of 30% or more, we maintain a basic policy of paying stable dividends on a continual basis with an emphasis on a “progressive dividend” framework. Moreover, the Company proposes to allocate profits to capital investment, research and development investment, and rationalization investment to improve sustainable development and the corporate value of the Company.

Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all six Directors (excluding those who are Audit & Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of five Directors (excluding those who are Audit & Supervisory Committee Members) to make strategic and flexible decisions at the Board of Directors.

As for this proposal, the Audit & Supervisory Committee of the Company has judged that all the candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are eligible.

Candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

Candidate No.	Name	Position and responsibility in the Company	
1	Katsuhiko Taki	Representative Director, President	Re-election
2	Takahisa Masaki	Representative Director, Senior Managing Executive Officer in charge of General Affairs & Personnel Department, Internal Audit Department, and Real Estate Business Department	Re-election
3	Kazunari Izumi	Director, Managing Executive Officer in charge of Head Factory, Quality Assurance Department, Materials Distribution Department and Purchasing Department	Re-election
4	Hiroyuki Izutsu	Director, Executive Officer in charge of Management Planning Department, Sustainability, and Financing & Accounting Department	Re-election
5	Goro Suzuki	Director, Executive Officer in charge of Research Division, General Manager, Research Division, and Leader in charge of the Mushroom Business Project Team	Re-election

Re-election: Director candidates for re-election

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Katsuhiko Taki (November 7, 1983) [Male] [Re-election] Tenure as Director: 5 years	<p>Apr. 2008 Joined the Company</p> <p>Sept. 2020 Senior Manager (Sp. Charge), Financing & Accounting Department</p> <p>Mar. 2021 Director, Executive Officer in charge of Financing & Accounting Department</p> <p>Mar. 2022 Director, Managing Executive Officer supervising Fertilizer Business Department and Chemicals Business Department, and in charge of Financing & Accounting Department</p> <p>Mar. 2023 Director, Senior Managing Executive Officer supervising Fertilizer Business Department and Chemicals Business Department, and in charge of Financing & Accounting Department and Purchasing Department</p> <p>Mar. 2024 Representative Director, President (current position)</p>	14,949 shares
<p>■ Reasons for nomination as candidate for Director</p> <p>The individual nominated as candidate was judged to possess extensive experience and knowledge related to the Company's overall business through his career at various departments. And, taking into consideration his performance as the Company's Representative Director, President, he is expected to play an appropriate role in the determination of significant management issues and the supervision of business execution. For these reasons, the Company proposes to continue appointing the individual as Director.</p>			
2	Takahisa Masaki (November 24, 1962) [Male] [Re-election] Tenure as Director: 6 years	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2013 General Manager, General Affairs & Personnel Department</p> <p>Feb. 2017 Senior Manager (Sp. Charge), General Affairs & Personnel Department President and Representative Director of SHIKISHIMA-SHOJI CO., LTD.</p> <p>Mar. 2017 Associate Director of the Company</p> <p>Mar. 2020 Director, Executive Officer in charge of General Affairs & Personnel Department</p> <p>Mar. 2022 Director, Executive Officer in charge of General Affairs & Personnel Department and Internal Audit Department</p> <p>Mar. 2023 Director, Executive Officer in charge of General Affairs & Personnel Department, Internal Audit Department, and Real Estate Business Department</p> <p>Mar. 2024 Director, Managing Executive Officer in charge of General Affairs & Personnel Department, Internal Audit Department, and Real Estate Business Department</p> <p>Mar. 2025 Representative Director, Senior Managing Executive Officer in charge of General Affairs & Personnel Department, Internal Audit Department, and Real Estate Business Department (current position)</p>	4,033 shares
<p>■ Reasons for nomination as candidate for Director</p> <p>The individual nominated as candidate was judged to possess abundant experience and knowledge related to the Company's business through his career mainly at the sales department and the general affairs and personnel department in addition to experience of corporate management at a subsidiary company. And, taking into consideration his performance as the Company's Representative Director, Senior Managing Executive Officer, he is expected to play an appropriate role in the determination of significant management issues and the supervision of business execution. For these reasons, the Company proposes to continue appointing the individual as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Kazunari Izumi (January 4, 1965) [Male] [Re-election] Tenure as Director: 3 years	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2016 General Manager, Engineering Department</p> <p>Mar. 2020 Associate Executive Officer</p> <p>Apr. 2021 Associate Executive Officer, Vice General Manager, Head Factory</p> <p>Mar. 2022 Executive Officer, General Manager, Head Factory</p> <p>Mar. 2023 Director, Executive Officer in charge of Head Factory and General Manager, Head Factory</p> <p>Mar. 2024 Director, Executive Officer in charge of Head Factory, Quality Assurance Department, Materials Distribution Department and Purchasing Department</p> <p>Mar. 2025 Director, Managing Executive Officer in charge of Head Factory, Quality Assurance Department, Materials Distribution Department and Purchasing Department (current position) President and Representative Director of Taki Kenzai Co., Ltd. (current position)</p>	3,823 shares
<p>■ Reasons for nomination as candidate for Director</p> <p>The individual nominated as candidate was judged to possess abundant experience and knowledge related to the Company's business through his career mainly at the research and development department and the manufacturing department. And, taking into consideration his performance as the Company's Director, Managing Executive Officer, he is expected to play an appropriate role in the determination of significant management issues and the supervision of business execution. For these reasons, the Company proposes to continue appointing the individual as Director.</p>			
4	Hiroyuki Izutsu (October 19, 1965) [Male] [Re-election] Tenure as Director: 5 years	<p>Jan. 1990 Joined the Company</p> <p>Apr. 2015 General Manager, Management Planning Department</p> <p>Mar. 2020 Associate Executive Officer</p> <p>Mar. 2021 Director, Executive Officer in charge of Management Planning Department and Internal Control Section</p> <p>Mar. 2022 Director, Executive Officer in charge of Management Planning Department and CSR</p> <p>Mar. 2024 Director, Executive Officer in charge of Management Planning Department, CSR (present Sustainability), and Financing & Accounting Department (current position)</p>	2,555 shares
<p>■ Reasons for nomination as candidate for Director</p> <p>The individual nominated as candidate was judged to possess abundant experience and knowledge related to the Company's business through his career mainly at the research and development department and the management planning department. And, taking into consideration his performance as the Company's Director, Executive Officer, he is expected to play an appropriate role in the determination of significant management issues and the supervision of business execution. For these reasons, the Company proposes to continue appointing the individual as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Goro Suzuki (December 10, 1964) [Male] [Re-election] Tenure as Director: 4 years	Apr. 1987 Joined the Company Apr. 2015 General Manager, Production Tech. & Engineering Department Mar. 2020 Associate Executive Officer Apr. 2021 Vice General Manager, Head Factory Mar. 2022 Director, Executive Officer in charge of Research Division and General Manager, Research Division Mar. 2023 Director, Executive Officer in charge of Research Division, General Manager, Research Division, and Leader in charge of the Mushroom Business Project Team (current position)	2,717 shares
<p>■ Reasons for nomination as candidate for Director</p> <p>The individual nominated as candidate was judged to possess abundant experience and knowledge related to the Company's business through his career mainly at the research and development department. And, taking into consideration his performance as the Company's Director, Executive Officer, he is expected to play an appropriate role in the determination of significant management issues and the supervision of business execution. For these reasons, the Company proposes to continue appointing the individual as Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. To secure excellent human resources and avoid impairing the execution of duties, the Company has concluded an indemnification agreement outlined below with the all candidates proposed hereto for election. If this proposal is approved and adopted in its original form, the Company plans to renew the aforementioned agreement with each director.
(Summary of the content of the indemnification agreement)
 - (1) Scope of indemnification
The Company will cover the expenses set forth in Article 430-2, paragraph (1), item (i) of the Companies Act and the loss set forth in item (ii) of the same paragraph within the extent stipulated by laws and regulations.
 - (2) Measure to be taken so that the properness of execution of duties
The Board of Directors will reach a decision as to whether or not compensation is required, and the extent of that compensation.
 - (3) Exclusions from indemnification
 - Portion of litigation expenses that exceeds the amount of expenses normally required
 - If the Company is to compensate for damages, etc. in the event that the indemnified Director (hereafter, the "indemnified person") is liable to the Company under Article 423, paragraph (1) of the Companies Act, the portion of the damages, etc. that relates to such liability
 - All of the damages, etc. for which the indemnified person is liable due to his/her malicious intent or gross negligence in performing his/her duties
 - (4) Cases requiring the indemnified person to return all or part of the compensation to the Company
 - If it is found that the indemnified person has performed his/her duties for the purpose of gaining unjust benefits for him/herself or a third party or causing damage to the Company, all of the compensated expenses, etc. must be returned to the Company.
 3. To secure excellent human resources and avoid impairing the execution of duties, the Company has concluded an indemnification agreement outlined below with the all candidates proposed hereto for election. If this proposal is approved and adopted in its original form, the insurance policy will be renewed with all of the candidates as Directors who are not Audit & Supervisory Committee Members.
(Summary of the content of D&O insurance policy)
 - (1) Actual proportion of insurance premium paid by the insured
Insurance premiums including those of special contracts shall be borne by the Company. The insured is not to bear actual premium costs.
 - (2) Summary of events to be insured against damages
Damage caused by an officer, etc. as an insured taking responsibility concerning the execution of duties or receiving a claim filed in connection with the determination of liability, may be covered by the insurance including its special contract; provided, however, that an exemption would apply to certain cases where the insured conducted the act knowing that it is illegal, among others.

- (3) Measure to be taken so that the properness of execution of duties by the Officer, etc. will not be impaired by the contract
- The D&O insurance policy provides the amount deductible. Damage with an amount smaller than the amount deductible shall not be insured.

Proposal No. 3 Election of One Director Who Is an Audit & Supervisory Committee Member

Tatsuo Iwaki, a Director and Audit & Supervisory Committee Member, will resign as of the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of one Substitute Director who is an Audit & Supervisory Committee Member.

Pursuant to the Company's Articles of Incorporation, the term of office of a substitute Director who is an Audit & Supervisory Committee Member shall continue until the end of the term of office of the outgoing Director who is an Audit & Supervisory Committee Member.

The consent of the Audit & Supervisory Committee has been obtained for the submission of this proposal.

Candidate for Director who is an Audit & Supervisory Committee Member is as follows:

Name	Position and responsibility in the Company	
Noboru Kagami	-	New election Outside Independent

New election: New Director candidate for election

Outside: Outside Director candidate

Independent: Independent officer as defined by the Stock Exchange

Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
<p style="text-align: center;">Noboru Kagami (November 29, 1958)</p> <p style="text-align: center;">[Male] [New election] [Outside] [Independent] Tenure as Director: - year</p>	<p>Apr. 1982 Joined Asahi Breweries, Ltd. (currently, Asahi Group Holdings, Ltd.)</p> <p>Apr. 2009 Director and General Manager, Fukushima Plant of Asahi Breweries, Ltd.</p> <p>Sept. 2012 Executive Officer and General Manager, Fukushima Plant</p> <p>Jan. 2013 Executive Officer and General Manager, Hakata Plant</p> <p>Mar. 2016 Director and Executive Officer of Asahi Group Holdings, Ltd.</p> <p>Mar. 2019 Senior Managing Director of Asahi Group Foods, Ltd.</p> <p>Mar. 2020 Managing Executive Officer of Asahi Group Holdings, Ltd. Representative Director of Asahi Group Foundation for Academic Research Representative Director of Asahi Group Foundation for Living Culture Research Promotion</p> <p>Mar. 2022 Advisor of Asahi Group Japan, Ltd.</p> <p>Apr. 2023 Representative Director of Asahi Group Foundation</p> <p>June 2024 Retired from post of Advisor of Asahi Group Japan, Ltd. Retired from post of Representative Director of Asahi Group Foundation</p> <p>Dec. 2025 Outside Director of ASAKA RIKEN Co., Ltd. (current position)</p>	0 shares
<p>■ Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and overview of expected role</p> <p>The Company proposes appointing Mr. Noboru Kagami as Outside Director (Audit & Supervisory Committee Member) so that his profound experience and excellent insight as a corporate manager that have been obtained through his career serving in multiple positions such as Dire Director and Executive Officer of Asahi Group Holdings, Ltd. may be utilized in the supervision and audit of business execution by Directors from an objective and neutral perspective.</p>		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Mr. Noboru Kagami is a new candidate.
 3. If this proposal is approved and adopted in its original form, the Company plans, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, to enter into an agreement that limits Mr. Noboru Kagami's liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
 4. Candidate Mr. Noboru Kagami is a candidate for Outside Director (Audit & Supervisory Committee Member). He satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc. If this proposal is approved and adopted in its original form, the Company plans to submit notification to the aforementioned exchange concerning his designation as an independent officer.
 5. To secure excellent human resources and avoid impairing the execution of duties, if this proposal is approved and adopted in its original form, the Company plans to conclude an indemnification agreement outlined below with Mr. Noboru Kagami.
(Summary of the content of the indemnification agreement)
 - (1) Scope of indemnification
The Company will cover the expenses set forth in Article 430-2, paragraph (1), item (i) of the Companies Act and the loss set forth in item (ii) of the same paragraph within the extent stipulated by laws and regulations.
 - (2) Measure to be taken so that the properness of execution of duties
The Board of Directors will reach a decision as to whether or not compensation is required, and the extent of that compensation.
 - (3) Exclusions from indemnification
 - Portion of litigation expenses that exceeds the amount of expenses normally required
 - If the Company is to compensate for damages, etc. in the event that the indemnified Director (hereafter, the "indemnified person") is liable to the Company under Article 423, paragraph (1) of the Companies Act, the portion of the damages, etc. that relates to such liability
 - All of the damages, etc. for which the indemnified person is liable due to his/her malicious intent or gross negligence in performing his/her duties

- (4) Cases requiring the indemnified person to return all or part of the compensation to the Company
 - If it is found that the indemnified person has performed his/her duties for the purpose of gaining unjust benefits for him/herself or a third party or causing damage to the Company, all of the compensated expenses, etc. must be returned to the Company.
- 6. To secure excellent human resources and avoid impairing the execution of duties, the Company enters into the Directors and Officers Liability Insurance Policy (D&O insurance policy) outlined below. If this proposal is approved and adopted in its original form, the insurance policy will be renewed with the candidate, Mr. Noboru Kagami, as a Director who is an Audit & Supervisory Committee Member, as the insured party.
(Summary of the content of D&O insurance policy)
 - (1) Actual proportion of insurance premium paid by the insured
Insurance premiums including those of special contracts shall be borne by the Company. The insured is not to bear actual premium costs.
 - (2) Summary of events to be insured against damages
Damage caused by an officer, etc. as an insured taking responsibility concerning the execution of duties or receiving a claim filed in connection with the determination of liability, may be covered by the insurance including its special contract; provided, however, that an exemption would apply to certain cases where the insured conducted the act knowing that it is illegal, among others.
 - (3) Measure to be taken so that the properness of execution of duties by the Officer, etc. will not be impaired by the contract
The D&O insurance policy provides the amount deductible. Damage with an amount smaller than the amount deductible shall not be insured.

Reference: Directors Diversity Matrix

If Proposals No. 2, No. 3 and the selection of Representative Director and Executive Officers with Special Titles and Executive Officers at the meeting of the Board of Directors to be held after the conclusion of this Annual General Meeting of Shareholders are approved, the composition of the Board of Directors and the Audit & Supervisory Committee, as well as the areas where each Director is expected to utilize their particular expertise and experience, will be as follows:

Name	Position	Corporate management	Finance/ accounting/ finance & economics	Legal affairs/ risk management	Personnel & labor affairs/ human resources development	Sales/ marketing	Manufacturing/ quality	Research & development	IT/ digital information security	Sustainability/ ESG
Katsuhiko Taki	Representative Director, President	●	●				●		●	
Takahisa Masaki	Representative Director, Senior Managing Executive Officer	●		●	●	●				
Kazunari Izumi	Director, Managing Executive Officer						●	●	●	●
Hiroyuki Izutsu	Director, Executive Officer		●					●	●	●
Goro Suzuki	Director, Executive Officer						●	●		●
Masahiko Shimoyama	Director (Full-Time Audit & Supervisory Committee Member)		●	●						
Shozo Shigeta	Independent	●	●			●				●
	Outside Director (Audit & Supervisory Committee Member)									
Noriko Kitajima	Independent			●	●					●
	Outside Director (Audit & Supervisory Committee Member)									
Kumiko Mizuno	Independent		●	●		●			●	
	Outside Director (Audit & Supervisory Committee Member)									
Noboru Kagami	Independent	●					●	●		●
	Outside Director (Audit & Supervisory Committee Member)									

- Notes:
1. A maximum of four areas where each person possesses expertise and experience have been marked with ●.
 2. Under corporate management above, for internal Directors, persons with experience serving as Representative Director (including at major subsidiaries), and for Outside Directors, persons with experience serving as an internal Director at one or more other companies have been marked with ●.

Reference: Independence Criteria of Outside Directors

To meet the independence criteria, an Outside Director must, in addition to meeting the requirements for outside officers as stipulated in the Companies Act and the criteria for independence set by Tokyo Stock Exchange, Inc., not fall under any of the following conditions recently.

1. A major shareholder of the Company (those who directly or indirectly hold 10% or more of voting rights at the end of the most recent fiscal year) or an executive thereof
2. A party whose major business partner (a major business partner is a counterparty that accounts for more than 2% of a company's annual consolidated net sales for the most recent fiscal year. The same applies hereinafter.) is the Company or an executive thereof
3. A major business partner of the Company or an executive thereof
4. A senior partner or partner of the Financial Auditor of the Company
5. A consultant, lawyer, certified public accountant, or other professional service provider who receives more than ¥10 million in annual compensation or other financial benefits from the Company other than remuneration as an officer
6. A person belonging to an organization that receives annual donations of more than ¥10 million from the Company
7. A person who has served as an Outside Director of the Company for more than eight years

Reference: Policy on Strategic Shareholdings

1. Policy on Strategic Shareholdings

The Company identifies the enhancement of capital efficiency and strengthening its financial soundness as key management priorities. The Company's basic policy toward strategic shareholdings is to accelerate their sale and reduction. Each year, the Board of Directors conducts a thorough, rigorous assessment of the appropriateness of holding purpose of each strategic shareholding, in addition to whether the associated benefits and costs to the business justify the capital costs involved. Should the results of these assessments indicate that a strategic shareholding is not sufficiently contributing to the Company's medium- to long-term corporate value, we will proceed in a planned manner with their reduction, including potential sales through constructive dialogue with the issuers to ensure mutual understanding, while refraining from the assumption of continued ownership.

2. Status of Strategic Shareholdings

During the current fiscal year, the Company identified four strategic shareholdings for reduction, having assessed that their rationale for continued holding was weak when considering unrealized gains, shareholder total return based on dividends received, and possible effects on future transactions and business activities. Three of these strategic shareholdings were reduced, which was accompanied by a reduction in three pure investment holdings (of which, one was fully divested).

While the ratio of strategic shareholdings (including unlisted shares and excluding those held by subsidiaries) to consolidated net assets increased year on year due to higher market valuations of certain holdings, we remain committed to achieving a level of less than 20% by the end of FY2030.

We will endeavor to continue to reduce strategic shareholdings moving forward as well. We intend to prioritize the allocation of funds generated from reducing strategic shareholdings primarily to growth investments, including capital expenditures in growth areas and research and development, and to shareholder returns in the form of dividends and share repurchases. We aim to enhance corporate value in a sustainable manner through this optimization of capital allocation.

	FY2022	FY2023	FY2024	FY2025
Market value of strategic shareholdings (millions of yen)	6,867	8,960	9,235	11,561
Ratio of the market value of strategic shareholdings as a proportion consolidated net assets (%)	21.4	26.4	24.3	26.7
Book value of strategic shareholdings (millions of yen)	2,157	2,114	2,067	1,924

<Shareholder proposals (Proposal No. 4)>

Proposal No. 4 was submitted by two shareholders.

With the exception of minor formatting changes, the contents of the shareholder proposal are presented as originally submitted, including the understanding of the facts at hand held by the proposers.

The Board of Directors is opposed to this shareholder proposal.

Proposal No. 4 Appropriation of Surplus

(Contents of proposal)

Set the total dividend for the current period to ¥195 per share, including a combined ordinary dividend and special dividend of ¥145 per share, and a commemorative dividend of ¥50 per share

(Reason for proposal)

The Nikkei article published January 5, 2026 reported that shareholder dividends for around 2,200 listed companies for the current fiscal year ending in March are equivalent to around 40% of each company's net income. The basis for a dividend of ¥145 per share is found by taking the Company's EPS of ¥363 as of January 14 of the current year and multiplying it by 0.40. It is natural to assume that our counterparties review the significance of their cross-shareholdings in the same way as the Company does its own. If they judge that the rationale for holding our shares is insufficient, the Company's shares may likewise become subject to reduction. With the rise in interest rates, it is only natural to assume that expected shareholder returns will also rise to reflect this. Additionally, with the increased adoption of NISA, shareholder returns are coming under greater focus. With a dividend policy befitting an ultra low interest rate environment such as the one set by the Company, there is a pressing concern that the Company will no longer be regarded as attractive by the market.

Further, the current Chair Mr. Takamoto Taki has served as Representative Director for some 30 years, and has made a significant contribution to the development of the Company. To reflect this, an amount of ¥30 per share (equivalent to ¥1 per year over 30 years) is deemed appropriate. Additionally, he has been awarded The Order of the Rising Sun, Gold and Silver Rays. As ordinary shareholders supporting the Company, we hope to share in the celebration of these achievements, and do not consider these accomplishments to be attributable to the Chairman alone. We propose a commemorative dividend of ¥50 per share, comprising ¥10 per share in honor of the award received and an additional ¥10 per share in celebration of the Company's 140th anniversary.

[Opinion of the Board of Directors in relation to Proposal No. 4]

The Board of Directors is opposed to this shareholder proposal.

(Reason for opposing this proposal)

The Company recognizes the return of profit to its shareholders as a key management priority, and has set a consolidated dividend payout ratio target of 30% or more, and maintains a basic policy of paying stable dividends on a continual basis with an emphasis on a “progressive dividend” framework.

In light of the upward revision of our performance forecast, the Company has added a special dividend of ¥10 as a way of accelerating shareholder returns following profit growth. Additionally, the commemorative dividend reflecting the achievements of the Chair included in the shareholder proposal is already included in the form of the dividend commemorating the 140th year since the Company’s founding of ¥5 per share. It is the Company’s position that enhancing the level of dividends in a sustainable manner, rather than one-time large dividend payments, is what ultimately best serves the interests of all shareholders.

In consideration of the above, the Company proposes a significant ¥20 increase from the ¥55 dividend provided in the previous fiscal year to ¥75 per share (including an ordinary dividend of ¥60, a ¥5 dividend commemorating the 140th year since the Company’s founding, and a special dividend of ¥10), as outlined in Proposal No. 1.

Conversely, a dividend level of ¥195 as outlined in the shareholder proposal means a dividend payout ratio of 50.1%, which significantly deviates from the Company’s current earnings capacity and would deter its growth investment plans set to meet the targets outlined in its “Long-term Vision 2050.” These effects pose significant consequences for the financial soundness of the Company and its ability to enhance corporate value in the future. The Board of Directors has determined that the proposal would undermine the shared interests of all shareholders, and is opposed to it.