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Securities Code: 4674

June 5, 2025

(Start date of providing matters provided in electronic provision: May 28, 2025)

Dear Shareholders,

Hiroshi Tominaga
President and Executive Officer
CRESCO LTD.
2-15-1 Kounan, Minato-ku, Tokyo

Notice of the 37th Ordinary General Meeting of Shareholders

We are pleased to announce the 37th Ordinary General Meeting of Shareholders of CRESCO LTD. (the “Company”), which will be held as described below. In lieu of attending the meeting in person, you may exercise your voting rights by mail or via the Internet. Please examine the attached Reference Documents for the General Meeting of Shareholders or the Reference Documents for the General Meeting of Shareholders posted under the matters provided in electronic format, and exercise your voting rights by no later than 5:30 p.m. on Thursday, June 19, 2025 (JST).

Date and Time: Friday, June 20, 2025, at 10:00 a.m. (JST)

Place: “Ruby 34,” Main Tower 34F, Shinagawa Prince Hotel
4-10-30 Takanawa, Minato-ku, Tokyo

Purpose of the Meeting

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 37th Fiscal Year (from April 1, 2024 to March 31, 2025), as well as the audit reports of the Accounting Auditors and the Audit and Supervisory Committee for Consolidated Financial Statements
 2. Financial Statements for the 37th Fiscal Year (from April 1, 2024 to March 31, 2025)

Matters to be resolved: Company proposals

- Proposal 1:** Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal 2:** Election of Three (3) Directors Serving on the Audit and Supervisory Committee
- Proposal 3:** Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

Shareholder proposals

- Proposal 4:** Partial Amendments to the Articles of Incorporation
- Proposal 5:** Disposition of Surplus
- Proposal 6:** Acquisition of Treasury Shares

Matters regarding the Exercise of Voting Rights:

- If you exercise your voting rights in duplicate both in writing and via the Internet, the vote exercised via the Internet shall prevail.
- If you exercise your voting rights in multiple times via the Internet, the last vote shall prevail.
- If you do not indicate your approval or disapproval of a proposal on the Voting Form, it will be treated as an indication “for” company proposals and “against” shareholder proposals.

Matters provided in electronic format

- In convening this General Meeting of Shareholders, the Company has taken the measure of providing the Notice of the 37th Ordinary General Meeting of Shareholders electronically, and has posted it on the following website on the Internet.
[The Company’s website]
<https://www.cresco.co.jp/ja/ir/library/meeting.html> (in Japanese)
- In addition to the Company’s website, matters provided in electronic format are also posted on the website of the Tokyo Stock Exchange. Please access the following website and enter “Issue Name: CRESCO LTD.” or “Code: 4674” to search, then select “Basic information” and “Documents for public inspection/PR information” and check “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Documents for public inspection.”
[TSE website (Listed Company Search)]
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

- * You are kindly requested to present the enclosed Voting Form to the receptionist when you attend the Meeting.
- * The document sent to shareholders who have requested its delivery does not contain the following items pursuant to the provisions of laws and regulations and Article 14, Paragraph 2 of the Company’s Articles of Incorporation. The Audit and Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the following matters.
 - Notes to Consolidated Financial Statements
 - Notes to Non-Consolidated Financial Statements
- * In the event of any revisions to the matters provided in electronic format, the revised information will be posted on the respective websites where they are posted.

Guide for Exercise of Voting Rights

Exercise of voting rights by attending the General Meeting of Shareholders

You are kindly requested to exercise your voting rights by submitting the Voting Form to the reception desk at the meeting. (It is not required to fill out the form or stamp your seal.)

- * You may name one (1) shareholder who holds voting rights of the Company to act as a proxy and exercise your voting rights. Please note that the proxy will be required to submit a document evidencing his or her right of proxy.

Date and time of the General Meeting of Shareholders:

Friday, June 20, 2025, at 10:00 a.m. (JST)

In case you are not able to attend the General Meeting of Shareholders

Exercise of voting rights in writing

Please indicate on the enclosed Voting Form whether you approve or disapprove of the proposal, and send it by mail to us.

Deadline for exercise of voting rights in writing:

The Company must receive the completed Voting Form by Thursday, June 19, 2025, at 5:30 p.m. (JST).

Exercise of voting rights via the Internet

Please access the website (<https://evote.tr.mufg.jp/>) (in Japanese), and indicate your approval or disapproval to the proposal by following the instructions on the screen.

Please refer to the next page for details.

Deadline for exercise of voting rights via the Internet:

The Company must receive your voting instructions by Thursday, June 19, 2025, at 5:30 p.m. (JST).

To institutional investors: electronic voting platform

The Company has participated in the platform for electronic exercise of voting rights operated by ICJ, Inc.

Trust banks and other nominee shareholders (including standing proxies) may apply in advance to use this platform. In this case, such shareholders can use this platform in addition to the exercise of voting rights via the Internet as a means to exercise their voting rights by electromagnetic means at General Meeting of Shareholders of the Company.

Exercise of voting rights via the Internet

Scanning QR Code *QR Code is a registered trademark of DENSO WAVE INCORPORATED.

(i) Scanning QR Code

Scan the “Login QR Code” on the enclosed voting form (right side) with your smartphone.

(ii) Selecting the method to exercise voting rights

Select the method for exercising voting rights when the screen to select the method of approving or disapproving proposals is presented.

(iii) Selecting approval or disapproval for each proposal

Select approval or disapproval of each proposal in accordance with the on-screen instructions.

Complete the exercise of voting rights in accordance with the on-screen instructions.

Entering login ID and temporary password

(i) Access to the website to exercise of voting rights

(ii) Enter your “login ID” and “temporary password” printed on the lower right in your Voting Form

(iii) Indicate your approval or disapproval by following the instructions on the screen.

For inquiries with respect to the exercise of voting rights via the Internet please contact:

Corporate Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation

0120-173-027 (Toll free within Japan / available from 9:00 a.m. to 9:00 p.m.)

* Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (<https://evote.tr.mufg.jp/>) (in Japanese) with a personal computer or smartphone.

* When exercising voting rights via the Internet, please be aware that the website is not available from 2:30 a.m. to 4:30 a.m. (JST) each day.

* Any fees for accessing the website for exercising voting rights (Internet connection fees, etc.) shall be borne by the shareholder.

Reference Documents for the General Meeting of Shareholders

Company proposals

Proposal 1: Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The terms of office of all six (6) Directors (excluding Directors serving on the Audit and Supervisory Committee) will expire at the conclusion of this ordinary general meeting of shareholders.

Accordingly, the Company requests the election of six (6) Directors (excluding Directors serving on the Audit and Supervisory Committee).

The candidates for Directors (excluding Directors serving on the Audit and Supervisory Committee) to be elected are as follows:

There were no objections to the proposal upon the deliberation thereof at the Audit and Supervisory Committee.


No.	Name	Position and responsibility in the Company	Age	Years of service as Director	Attendance at meetings of the Board of Directors
1	Reelection Hiroyuki Nemoto	Chairman & CEO	65 years old	19 years	100% (13/13)
2	Reelection Hiroshi Tominaga	President and Executive Officer Remuneration Committee Member	58 years old	12 years	100% (13/13)
3	New election Takayuki Teramura	Managing Executive Officer in charge of Corporate Strategy	54 years old	—	—
4	Reelection Outside Independent Junichi Fukui	Outside Director Remuneration Committee Chairman	71 years old	7 years	100% (13/13)
5	Reelection Outside Independent Yukie Sato	Outside Director Remuneration Committee Member	59 years old	5 years	100% (13/13)
6	Reelection Outside Independent Miyuki Sano	Outside Director Remuneration Committee Member	63 years old	2 years	100% (13/13)


*Age: Age as of the start of the General Meeting of Shareholders


*Years of service as Director: Years of service as Director at the conclusion of the General Meeting of Shareholders


No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
1	 <p>Hiroyuki Nemoto (February 12, 1960)</p> <p>Reelection</p>	<p>Apr. 1988 Joined CRESCO LTD. due to its establishment</p> <p>Apr. 1998 Department Manager, System Technology Department, Open System Division, CRESCO LTD.</p> <p>Apr. 2002 Division Manager, Financial Solutions Division, Solutions Unit, CRESCO LTD.</p> <p>Jun. 2006 Director and Vice General Manager, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2008 Managing Director and General Manager, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2010 Managing Director and General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Apr. 2011 Managing Director and General Manager, Business Solutions Division and Division Manager, Sales Division, CRESCO LTD.</p> <p>Oct. 2011 Managing Director and General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Apr. 2012 Managing Director and General Manager, Business Solutions Division and Department Manager, Consulting Center, CRESCO LTD.</p> <p>Apr. 2013 Managing Director and General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Apr. 2014 President, CRESCO LTD.</p> <p>Jun. 2016 President and Executive Officer, CRESCO LTD.</p> <p>Apr. 2022 Chairman & CEO, CRESCO LTD. (current position) (Significant Position Concurrently Held)</p> <p>—</p>	225,900 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As Chairman & CEO of the Company, he has been leading the Group by appropriately utilizing overall resources to maximize synergy effects within the Group based on his extensive knowledge of M&A and group business expansion.</p> <p>The Company deems that he is a person who will continue to contribute to the enhancement of corporate value of the Group, and therefore has nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
2	 <p>Hiroshi Tominaga (January 9, 1967)</p> <p>Reelection</p>	<p>Apr. 1990 Joined CRESCO LTD.</p> <p>Apr. 2006 Department Manager, Department 3, Infrastructure Systems Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2007 Vice Division Manager, Infrastructure Systems Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2009 Division Manager, Infrastructure Systems Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2013 Vice General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Jun. 2013 Director and Vice General Manager, Business Solutions Division, CRESCO LTD.</p> <p>Apr. 2014 Director and Vice General Manager, General Business Solutions Unit, CRESCO LTD.</p> <p>Apr. 2016 Director and General Manager, Business Management Unit and Division Manager, Management Strategy Division, CRESCO LTD.</p> <p>Jun. 2016 Director, Executive Officer, and General Manager, Business Management Unit and Division Manager, Management Strategy Division, CRESCO LTD.</p> <p>Jun. 2017 Director and Managing Executive Officer, and General Manager, Business Management Unit and Division Manager, Management Strategy Division, CRESCO LTD.</p> <p>Apr. 2018 Director and Managing Executive Officer, Operation Management Group and General Manager, Business Management Unit, CRESCO LTD.</p> <p>Apr. 2020 Director, Managing Executive Officer, General Manager, Service Competency Unit, Technology Laboratory and Quality Management Unit, CRESCO LTD.</p> <p>Jun. 2021 Director, Senior Managing Executive Officer, General Manager, Service Competency Unit, Technology Laboratory and Quality Management Unit, CRESCO LTD.</p> <p>Apr. 2022 President and Executive Officer, CRESCO LTD. (current position)</p> <p>(Significant Position Concurrently Held)</p> <p>—</p>	48,437 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As President and Executive Officer of the Company, he exercises strong leadership and appropriately supervises the execution of duties as a Director, formulates and implements strategic visions for the medium to long term, and is responsible for the management of the Company and the Group as a whole.</p> <p>The Company deems that he is a person who will continue to drive the development of the Group, and therefore has nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company		Number of the Company's shares held
3	 <p>Takayuki Teramura (December 10, 1970)</p> <p>New election</p>	<p>Apr. 1991 Joined CRESCO LTD.</p> <p>Apr. 2007 Department Manager, Department 2, Embedded Solutions Division, Solutions Unit, CRESCO LTD.</p> <p>Apr. 2015 Vice Division Manager, Embedded Solutions Division, General Business Solutions Unit and General Manager, Project Engineering Office, CRESCO LTD.</p> <p>Apr. 2019 Division Manager, Embedded Solutions Division, General Business Solutions Unit, CRESCO LTD.</p> <p>Apr. 2020 Executive Officer and General Manager of Industrial Business Unit, General Business Solutions Unit and Division Manager, Embedded Solutions Division, CRESCO LTD.</p> <p>Apr. 2021 Executive Officer and General Manager of Industrial Business Unit, CRESCO LTD.</p> <p>Apr. 2022 Managing Executive Officer and General Manager of Industrial Business Unit, CRESCO LTD.</p> <p>Apr. 2024 Managing Executive Officer and General Manager, Industrial Business Unit and Technology Laboratory, CRESCO LTD.</p> <p>Apr. 2025 Managing Executive Officer in charge of Strategic Business Management, CRESCO LTD. (current position)</p> <p>(Significant Position Concurrently Held)</p> <p>—</p>		8,059 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>He has extensive experience and knowledge in the Industrial Business and Embedded Solutions Business. Currently, as a Managing Executive Officer of the Company, he is fully fulfilling his responsibilities towards achieving the Company's Medium-Term Management Plan. As he has sufficiently fulfilled his role in the decision-making and supervision on significant business execution of the Company with his extensive experience and knowledge, the Company deems that he is the right person to contribute to an improvement in the corporate value of the Company and the Group, and therefore has nominated him as a candidate for Director.</p>				

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
	 <p>Junichi Fukui (November 5, 1953)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1977 Joined The Nippon Fudosan Bank, Limited (current Aozora Bank, Ltd.)</p> <p>Feb. 1999 General Manager, Public Relations Division, The Nippon Fudosan Bank, Limited</p> <p>Jun. 2000 Department Manager, Secretary's Office and Department Manager, Public Relations Office, The Nippon Fudosan Bank, Limited</p> <p>Apr. 2001 General Manager, Head Office Corporate Business Division III, Aozora Bank, Ltd.</p> <p>Oct. 2005 Director, STAFF SERVICE HOLDINGS CO., LTD.</p> <p>Mar. 2014 Advisor, STAFF SERVICE HOLDINGS CO., LTD.</p> <p>Oct. 2014 Advisor, Corporate Planning Office, Kyodo News</p> <p>Jun. 2015 Director in charge of business, K.K. Kyodo News</p> <p>Jun. 2016 Managing Director, K.K. Kyodo News</p> <p>Jun. 2018 Outside Director, CRESCO LTD. (current position)</p> <p>Jun. 2019 Advisor, K.K. Kyodo News</p> <p>Jun. 2023 Outside Director, NISSO CORPORATION</p> <p>Oct. 2023 Director (External), NISSO HOLDINGS Co., Ltd. (current position)</p> <p>Mar. 2025 Councilor, Harada Sekizenkai Foundation (current position)</p> <p>(Significant Position Concurrently Held)</p> <p>Director (External), NISSO HOLDINGS Co., Ltd.</p> <p>Councilor, Harada Sekizenkai Foundation</p>	0 shares
4	<p>[Reasons for nomination as candidate for Outside Director and the summary of roles expected to play]</p> <p>He has extensive knowledge and insights on corporate management as well as ample experience and achievements particularly concerning corporate planning, public relations strategy, etc. As an Outside Director of the Company, he has evaluated the current status of the Company from an objective point of view and has contributed significantly to the continued growth of the Group and has fulfilled his responsibilities well by providing advice and support to the Board of Directors regarding matters such as the effectiveness of the Board of Directors and public relations strategies.</p> <p>The Company deems that he will continue to contribute to the continuous growth of the Group, and therefore has nominated him as a candidate for Outside Director.</p> <p>[Special matters concerning candidate for Outside Director]</p> <ol style="list-style-type: none"> 1. Notification of Independent Directors The Company has notified the Tokyo Stock Exchange of Mr. Junichi Fukui as an Independent Director, as he satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations. 2. Tenure as Outside Director of the Company At the conclusion of this meeting, Mr. Junichi Fukui's tenure as Outside Director of the Company will have been seven (7) years. 3. Relationships between the Company and companies where Directors hold significant concurrent positions Not applicable. 4. Relationships between the Company and companies where the candidate has previously served as an executive Mr. Junichi Fukui served as an executive of STAFF SERVICE HOLDINGS CO., LTD., which is a business partner of the Company, until September 2014. However, more than five years have already passed since he resigned, he has not been involved in the execution of business since retiring, and the amount of the transactions with that company are small at about 1% of our consolidated net sales. 5. Overview of limited liability agreement Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Junichi Fukui to limit his liability for damages under Article 423, paragraph 1 of the same Act. If his reelection is approved at this meeting, the Company intends to renew the same agreement with him. The limit of Mr. Junichi Fukui's liability for damages under the agreement is the minimum liability amount provided for under the related laws and regulations. 		

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
	 <p>Yukie Sato (June 30, 1965)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1989 Joined The Nippon Credit Bank, Ltd. (current Aozora Bank, Ltd.)</p> <p>May 1999 Joined ExecNet (current Shimamoto Partners)</p> <p>Feb. 2007 President and Representative Director of Chemistry Co., Ltd. due to its establishment (current position)</p> <p>Jun. 2020 Outside Director, CRESCO LTD. (current position)</p> <p>(Significant Position Concurrently Held)</p> <p>President and Representative Director, Chemistry Co., Ltd.</p>	0 shares
5	<p>[Reasons for nomination as candidate for Outside Director and the summary of roles expected to play]</p> <p>She has ample experience and achievements in executive consulting as well as extensive knowledge and insights on management overall as a corporate manager. She also possesses high ethical standards, independence, understanding of diversity, fairness, and other personal qualities that the Company requires of its Outside Directors.</p> <p>As an Outside Director of the Company, she provides advice and support from an objective perspective to the Board of Directors, and has made a significant contribution to the continued growth of the Group, particularly in terms of the utilization and development of human resources.</p> <p>The Company deems that she will continue to contribute to the continuous growth of the Group, and therefore has nominated her as a candidate for Outside Director.</p> <p>[Special matters concerning candidate for Outside Director]</p> <ol style="list-style-type: none"> 1. Notification of Independent Directors The Company has notified the Tokyo Stock Exchange of Ms. Yukie Sato as an Independent Director, as she satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations. The Company has no business relationship with any company where she has executed business in the past. 2. Tenure as Outside Director of the Company At the conclusion of this meeting, Ms. Yukie Sato's tenure as Outside Director of the Company will have been five (5) years. 3. Relationships between the Company and companies where Directors hold significant concurrent positions There is no significant business relationship or other relationship between the Company and Chemistry Co., Ltd., where Ms. Yukie Sato currently holds a position. 4. Overview of limited liability agreement Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Ms. Yukie Sato to limit her liability for damages under Article 423, paragraph 1 of the same Act. If her reelection is approved at this meeting, the Company intends to renew the same agreement with her. The limit of Ms. Yukie Sato's liability for damages under the agreement is the minimum liability amount provided for under the related laws and regulations. 		

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
	 <p>Miyuki Sano (May 26, 1962)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>Jul. 1999 Transferred to NTT Communications Corporation</p> <p>Jun. 2015 Joined NTT Human Solutions Corporation (current Pasona HS Inc.) Director and General Manager, Planning and General Affairs Department, NTT Human Solutions Corporation</p> <p>Aug. 2018 Managing Executive Officer and General Manager, Planning and General Affairs Department, NTT Human Solutions Corporation</p> <p>Jun. 2020 Managing Executive Officer and Deputy General Manager, Sales Headquarters, Pasona HS Inc.</p> <p>Sep. 2020 General Manager in charge of special assignment, Sales Headquarters, Pasona HS Inc.</p> <p>Jun. 2023 Outside Director, CRESCO LTD. (current position)</p> <p>Jun. 2024 Outside Director, HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (current position)</p> <p>(Significant Position Concurrently Held) Outside Director, HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.</p>	0 shares
6	<p>[Reasons for nomination as candidate for Outside Director and the summary of roles expected to play] She has held key positions and director positions at operating companies, and has abundant experience and achievements in sales planning, as well as in all administrative divisions, including human resources and general affairs.</p> <p>As an Outside Director of the Company, she has evaluated the current status of the Company from an objective perspective and has fulfilled her responsibilities well, including providing the Board of Directors with much advice and support on the Company's business activities.</p> <p>The Company deems that she will continue to contribute to the continuous growth of the Group, and therefore has nominated her as a candidate for Outside Director.</p> <p>[Special matters concerning candidate for Outside Director]</p> <ol style="list-style-type: none"> 1. Notification of Independent Directors The Company has notified the Tokyo Stock Exchange of Ms. Miyuki Sano as an Independent Director, as she satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations. The Company has no business relationship with any company where she has executed business in the past. 2. Tenure as Outside Director of the Company At the conclusion of this meeting, Ms. Miyuki Sano's tenure as Outside Director of the Company will have been two (2) years. 3. Relationships between the Company and companies where Directors hold significant concurrent positions Not applicable. 4. Relationships between the Company and companies where the candidate has previously served as an executive Ms. Miyuki Sano served as an executive of Pasona HS Inc. until May 2023, and there is no significant business relationship or other relationship between Pasona HS Inc. and the Company. 5. Overview of limited liability agreement Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Ms. Miyuki Sano to limit her liability for damages under Article 423, paragraph 1 of the same Act. If her reelection is approved at this meeting, the Company intends to renew the same agreement with her. The limit of Ms. Miyuki Sano's liability for damages under the agreement is the minimum liability amount provided for under the related laws and regulations. 		

- Notes:
1. No special interest exists between any of the above candidates and the Company.
 2. The number of Company's shares held is the effective number of shares held, including shares held through the Company stockholding association.
 3. The Company has entered into a directors and officers liability insurance contract with an insurance company, and the said insurance contract will cover damage that may arise from the insured person's assuming responsibility for the execution of their duties or receiving claims related to the pursuit of the said responsibility. If a candidate assumes office as a Director, he/she will be insured by the said insurance contract, and the said insurance contract is planned to be renewed during the course of his/her term of office. No insurance premium will be borne by the insured.

Company proposals

Proposal 2: Election of Three (3) Directors Serving on the Audit and Supervisory Committee

The terms of office of all three (3) Directors serving on the Audit and Supervisory Committee will expire at the conclusion of this ordinary general meeting of shareholders. Accordingly, the Company requests the election of three (3) Directors serving on the Audit and Supervisory Committee.


The Audit and Supervisory Committee has already given its consent to this proposal.


The candidates for Directors serving on the Audit and Supervisory Committee to be elected are as follows:


No.	Name	Position and responsibility in the Company	Age	Years of service as Director	Attendance at meetings of the Board of Directors
1	Reelection Satoshi Takaishi	Director (Full-time Member of the Audit and Supervisory Committee)	63 years old	4 years	100% (13/13)
2	Reelection Outside Independent Haruo Sato	Outside Director (Audit and Supervisory Committee Member)	68 years old	8 years	92% (12/13)
3	Reelection Outside Independent Masayuki Maekawa	Outside Director (Audit and Supervisory Committee Member)	60 years old	4 years	100% (13/13)

*Age: Age as of the start of the General Meeting of Shareholders

*Years of service as Director: Years of service as Director at the conclusion of the General Meeting of Shareholders

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
1	 <p>Satoshi Takaishi (May 26, 1962)</p> <p>Reelection</p>	<p>Jul. 2015 Joined CRESCO LTD. Vice Division Manager, Planning Promotion Division, CRESCO LTD.</p> <p>Apr. 2016 Vice General Manager, Group Business Promotion Unit, CRESCO LTD.</p> <p>Jun. 2017 Executive Officer and Vice General Manager, Group Business Promotion Unit, CRESCO LTD.</p> <p>Apr. 2018 Executive Officer and General Manager, Group Business Promotion Unit, CRESCO LTD.</p> <p>Apr. 2020 Executive Officer and Vice General Manager, Corporate Supervisory Unit, CRESCO LTD.</p> <p>Jun. 2021 Director (Full-time Member of the Audit and Supervisory Committee), CRESCO LTD. (current position)</p> <p>(Significant Position Concurrently Held)</p> <p>—</p>	21,986 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>He has led auditing globally as a person in charge of an audit department at operating companies. After joining the Company, he has sufficiently fulfilled his job duties in M&A and the reinforcement of group governance. The Company deems that his accumulated work experience and expertise will be conducive to performing responsibilities of the Audit and Supervisory Committee, and therefore has nominated him as a candidate for Director serving on the Audit and Supervisory Committee.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
2	 <p>Haruo Sato (November 27, 1956)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1979 Joined Nomura Computer Systems Co., Ltd. (current Nomura Research Institute, Ltd.)</p> <p>Jul. 2003 Director, STAFF SERVICE HOLDINGS CO., LTD.</p> <p>Apr. 2009 Executive Officer, Nissay Information Technology Co., Ltd.</p> <p>Apr. 2015 Independent as a consultant</p> <p>Jun. 2017 Outside Director serving on the Audit and Supervisory Committee, CRESCO LTD. (current position)</p> <p>Dec. 2022 Director, Cognavi India Private Limited</p> <p>Jun. 2023 Director, Forum Engineering Inc. (Significant Position Concurrently Held)</p> <p>—</p>	0 shares
<p>[Reasons for nomination as candidate for Outside Director and the summary of roles expected to play] He, from an independent and neutral position, provides advice to the Board of Directors regarding the development of management plans, based on his extensive knowledge and insights on corporate management as well as his ample experience and expertise concerning consulting on and planning, design and development of information systems.</p> <p>The Company deems that he will continue to appropriately fulfill his duties including the confirmation of progress status, etc. and the supervision of Directors, and therefore has nominated him as a candidate for Outside Director serving on the Audit and Supervisory Committee.</p> <p>[Special matters concerning candidate for Outside Director]</p> <p>1. Notification of Independent Directors The Company has notified the Tokyo Stock Exchange of Mr. Haruo Sato as an Independent Director, as he satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations.</p> <p>2. Tenure as Outside Director of the Company At the conclusion of this meeting, Mr. Haruo Sato's tenure as Outside Director of the Company will have been eight (8) years, and all eight of those years were spent as Director serving on the Audit and Supervisory Committee.</p> <p>3. Relationships between the Company and companies where the candidate has previously served as an executive Mr. Haruo Sato served as an executive of STAFF SERVICE HOLDINGS CO., LTD., which is a business partner of the Company, until June 2008. However, more than ten years have already passed since he resigned, he has not been involved in the execution of business since retiring, and the amount of the transactions with that company are small at about 1% of our consolidated net sales.</p> <p>4. Overview of limited liability agreement Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Haruo Sato to limit his liability for damages under Article 423, paragraph 1 of the same Act. If his reelection is approved at this meeting, the Company intends to renew the same agreement with him. The limit of Mr. Haruo Sato's liability for damages under the agreement is the minimum liability amount provided for under the related laws and regulations.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
3	 <p>Masayuki Maekawa (March 30, 1965)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Oct. 1991 Joined Chuo Shinko Audit Corporation</p> <p>Mar. 2001 CEO, Masayuki Maekawa Certified Public Accountants Office due to its establishment (current position)</p> <p>Dec. 2004 Auditor, Mobcast (current MOBCAST HOLDINGS INC.)</p> <p>Jul. 2005 Auditor, TRANZAS Inc. (current TRaaS On Product Inc.)</p> <p>Oct. 2006 Representative Director, CONSOLIX Co., Ltd. due to its establishment (current position)</p> <p>Jun. 2012 Auditor, Ushiospax (current ModuleX Inc.) (current position)</p> <p>Mar. 2014 Director, TRANZAS Inc. (current TRaaS On Product Inc.)</p> <p>Feb. 2015 Representative Director, IPF Corporation Co., Ltd. (current position)</p> <p>Mar. 2015 Auditor, ZMP Inc.</p> <p>Jun. 2021 Outside Director serving on the Audit and Supervisory Committee, CRESCO LTD. (current position)</p> <p> Outside Director, I.A GROUP CORPORATION (current position)</p> <p>Nov. 2023 Outside Director, Kurotani Co., Ltd. (currently MERF Inc.) (current position)</p> <p>(Significant Position Concurrently Held)</p> <p>CEO, Masayuki Maekawa Certified Public Accountants Office</p> <p>Representative Director, CONSOLIX Co., Ltd.</p> <p>Auditor, ModuleX Inc.</p> <p>Representative Director, IPF Corporation Co., Ltd.</p> <p>Outside Director, I.A GROUP CORPORATION</p> <p>Outside Director, MERF Inc.</p>	0 shares
<p>[Reasons for nomination as candidate for Outside Director and the summary of roles expected to play]</p> <p>As a certified public accountant, he is well versed in finance, M&A, accounting, and tax and has sufficient insights for governing corporate management. He has been effectively performing management monitoring on the basis of his broad experience of being directly involved with corporate management and having served as an outside director for multiple companies.</p> <p>The Company deems that he will continue to contribute to the reinforcement of the monitoring function of the Board of Directors and to provide advice and opinions from a broad managerial perspective, and therefore has nominated him as a candidate for Outside Director serving on the Audit and Supervisory Committee.</p> <p>[Special matters concerning candidate for Outside Director]</p> <p>1. Notification of Independent Directors</p> <p>The Company has notified the Tokyo Stock Exchange of Mr. Masayuki Maekawa as an Independent Director, as he satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations. The Company has no business relationship with any company where he has executed business in the past.</p> <p>2. Tenure as Outside Director of the Company</p> <p>At the conclusion of this meeting, Mr. Masayuki Maekawa's tenure as Outside Director of the Company will have been four (4) years, and all four of those years were spent as Director serving on the Audit and Supervisory Committee.</p> <p>3. Relationships between the Company and companies where Directors hold significant concurrent positions</p> <p>There is no significant business relationship or other relationship between the Company and the company where Mr. Masayuki Maekawa currently holds a position.</p> <p>4. Overview of limited liability agreement</p> <p>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Masayuki Maekawa to limit his liability for damages under Article 423, paragraph 1 of the same Act. If his reelection is approved at this meeting, the Company intends to renew the same agreement with him. The limit of Mr. Masayuki Maekawa's liability for damages under the agreement is the minimum liability amount provided for under the related laws and regulations.</p>			

- Notes: 1. No special interest exists between any of the above candidates and the Company.
2. The number of Company's shares held is the effective number of shares held, including shares held through the Company stockholding association.
3. The Company has entered into a directors and officers liability insurance contract with an insurance company, and the said insurance contract will cover damage that may arise from the insured person's assuming responsibility for the execution of their duties or receiving claims related to the pursuit of the said responsibility. If a candidate assumes office as a Director, he/she will be insured by the said insurance contract, and the said insurance contract is planned to be renewed during the course of his/her term of office. No insurance premium will be borne by the insured.

Company proposals

Proposal 3: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

The Company requests the election of one (1) Substitute Director serving on the Audit and Supervisory Committee, as a substitute for all the Directors serving on the Audit and Supervisory Committee, to prepare for a situation where the number of Directors serving on the Audit and Supervisory Committee does not satisfy the number specified by laws and regulations.

The Audit and Supervisory Committee has already given its consent to this proposal.

The candidate for Substitute Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	Number of the Company's shares held
Michiho Tachi (July 14, 1974) Outside Independent	<p>Oct. 2006 Registered as an attorney at law (Dai-Ichi Tokyo Bar Association), joined Shitara Sakamoto Law Office (current position)</p> <p>Sep. 2007 Audit & Supervisory Board Member, Coop Meat Co., Ltd. (current position)</p> <p>Jun. 2015 Outside Audit & Supervisory Board Member, Hutech norin Co., Ltd.</p> <p>Jun. 2015 Outside Audit & Supervisory Board Member, Zennoh Energy Co., Ltd. (current position)</p> <p>Oct. 2015 Outside Audit & Supervisory Board Member, Chilled & Frozen Logistics Holdings Co., Ltd.</p> <p>Jun. 2019 Outside Director, Chilled & Frozen Logistics Holdings Co., Ltd. (Audit and Supervisory Committee Member)</p> <p>Apr. 2020 Civil Conciliator, Tokyo Summary Court (current position)</p> <p>Dec. 2023 Outside Director (Audit and Supervisory Committee Member), CAREER CO., LTD. (current position)</p> <p>Nov. 2024 Audit & Supervisory Board Member, Chilled & Frozen Logistics Holdings Co., Ltd.</p> <p>(Significant Position Concurrently Held)</p> <p>Audit & Supervisory Board Member, Coop Meat Co., Ltd</p> <p>Outside Audit & Supervisory Board Member, Zennoh Energy Co., Ltd.</p> <p>Outside Director (Audit and Supervisory Committee Member), CAREER CO., LTD.</p>	0 shares
<p>[Reasons for nomination as candidate for Outside Director and the summary of roles expected to play]</p> <p>Equipped with a legal perspective and broad knowledge as a lawyer, she has abundant business experience regarding laws and regulations, compliance, risk management, etc. in the area of corporate legal affairs. Due to her expertise as a lawyer and extensive experience as an Outside Audit & Supervisory Board Member at multiple companies, the Company deems that she is suitable for the management monitoring and supervision from a neutral, objective, and legal perspective, and therefore has nominated her as a candidate for Substitute Outside Director serving on the Audit and Supervisory Committee.</p>		

- Notes:
1. The legal name of Michiho Tachi in her capacity as an attorney is Michiho Takamura.
 2. No special interest exists between the above candidate and the Company.
 3. Ms. Michiho Tachi is a candidate for Substitute Outside Director serving on the Audit and Supervisory Committee. If she assumes office as an Outside Director serving on the Audit and Supervisory Committee, the Company plans to notify the Tokyo Stock Exchange of Ms. Michiho Tachi as an Independent Director, as she satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange, Inc.'s rules and regulations.
 4. If Ms. Michiho Tachi assumes office as an Outside Director serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with her, pursuant to Article 427, paragraph 1 of the Companies Act. Based on this agreement, Ms. Michiho Tachi's liability as an Outside Director serving on the Audit and Supervisory Committee would be limited to the minimum liability amount as specified by laws and regulations.
 5. The Company has entered into a directors and officers liability insurance contract with an insurance company, and the said insurance contract will cover damage that may arise from the insured person's assuming responsibility for the execution of their duties or receiving claims related to the pursuit of the said responsibility. If the candidate's election is approved and she assumes office as a Director serving on the Audit and Supervisory Committee, she will be insured by the said insurance contract, and the said insurance contract is planned to be renewed during the course of her term of office. No insurance premium will be borne by the insured.

(Reference)

Areas in which Director candidates are expected to be proficient in (skills matrix)

In order to achieve the long-term vision CRESCO Group Ambition 2030, the areas in which the Company expects each Director candidate to be proficient in if the proposal is approved are as follows.

● Major skill ○ Minor skill

No.	Name	Role/responsibility	Area (*)								
			CM	DIT	QC	HD	FA	LR	PM	I	S
Candidates for Directors											
1	Hiroyuki Nemoto	Chairman & CEO	●	●	●	○	●	○	●		
2	Hiroshi Tominaga	President and Executive Officer	●	●	●	○			○		
3	Takayuki Teramura	Director, Managing Executive Officer	●	●	●	○			○		
4	Junichi Fukui	Outside Director	●			●	●		●		
5	Yukie Sato	Outside Director	●			●	●		○	○	
6	Miyuki Sano	Outside Director	●	○	○	●			●	●	
Candidates for Directors serving on the Audit and Supervisory Committee											
1	Satoshi Takaishi	Director (Full-time Member of the Audit and Supervisory Committee)	●			●		●		○	
2	Haruo Sato	Outside Director (Audit and Supervisory Committee Member)	●	●	●	○				●	
3	Masayuki Maekawa	Outside Director (Audit and Supervisory Committee Member)	●			○	●	●			Certified Public Accountant Certified Tax Accountant

* Area definitions

Area		Definition
CM	Corporate management	Experience in corporate management
DIT	Digital transformation and IT	Knowledge of digital transformation and IT and systems or experience working in a systems development department
QC	Quality control	Knowledge of quality control or experience working in a quality control department
HD	Human resources management and development	Knowledge of human resources, labor relations, and hiring, or experience working in a human resources department
FA	Finance and accounting	Knowledge of finance and accounting or experience working in an accounting department
LR	Legal affairs and risk management	Knowledge of corporate legal affairs and risk management or experience working in a legal department
PM	Public relations and marketing	Knowledge of market and economic environment and trends, or experience working in public relations and marketing department
I	Internationality	Experience in global business
S	Specialization	Professional qualifications, business-related qualifications, etc.

Shareholder Proposals

Proposal 4, 5 and 6 are the proposals proposed by the shareholder below.

Proposing Shareholder	:	STICHTING DEPOSITARY ASCENDER GLOBAL VALUE FUND
Number of the voting rights held	:	3750

Each proposal (①Details of the Proposal ②Reason for the Proposal) is **presented as originally written in a letter from proposing shareholder, categorized by proposal item.**

(Note)The following “Agenda 1: To partially amend the Articles of Incorporation” refers to Proposal 4 and “Agenda 2: To appropriate surplus” refers to Proposal 5.

CRESCO’s Board of Directors **opposes** all the proposals.

Please examine the opinion of the Board Directors presented on the following pages and exercise your voting rights.

<Shareholder Proposals> Proposal 4: To partially amend the Articles of Incorporation

① Details of the Proposal

Delete Article 43 of the Articles of Incorporation. If formal adjustments (including corrections of article numbers) are necessary due to the approval of other proposals (including company proposals) at the General Meeting of Shareholders, the text of this proposal shall be read as the adjusted text.

Current Articles of Incorporation

(Decision-making body for dividend distribution, etc.)

Article 43: The Company shall determine matters specified in Article 459, Paragraph 1 of the Companies Act regarding dividend distribution, etc., by resolution of the Board of Directors without a resolution of the General Meeting of Shareholders, except as otherwise provided by law.

② Reason for the Proposal

Under the Companies Act, the authority to decide on dividend distribution, etc., is generally vested in the General Meeting of Shareholders. However, the current Articles of Incorporation of the Company exclude discussions on dividend distribution at the General Meeting of Shareholders and exclusively grant the authority to decide on dividends to the Board of Directors. This deprives the Board of Directors of an important opportunity to appropriately understand and reflect shareholders' intentions in dividend policy.

According to a survey on shareholder meetings conducted from July 2023 to June 2024 (compiled by the Japan Institute of Business Law, "Shareholder Meeting White Paper 2024 Edition," Commercial Law Review No. 2376, pp. 43 and following), only 233 out of 1,902 responding listed companies (12.3%) exclusively grant the authority to decide on dividend distribution to the Board of Directors.

In light of these points, the Proposing Shareholder proposes to delete Article 43 of the Articles of Incorporation to ensure that the Company adheres to the highest standards of corporate governance. The deletion of this article will transfer the authority to decide on dividend distribution, etc., from the Board of Directors to the General Meeting of Shareholders. This amendment to the Articles of Incorporation will ensure that the Company strictly follows shareholders' intentions in managing capital policy.

<Opinion of the Company's Board of Directors >

The Company's Board of Directors opposes Proposal 4.

The Company considers the return of its profits to shareholders as an important managerial issue. The Company's basic dividend policy is to maintain payouts that are appropriate in light of its financial results, while increasing shareholders' equity and keeping long-term and stable earning power. The number of dividends needs to be determined considering the changes in the business environment surrounding the characteristics of our business, the current performance and future outlook, internal reserves, and distributable amounts. It is appropriate for the Board of Directors to make swift and flexible decisions regarding dividends rather than the General Meeting of Shareholders.

The Company promptly transitioned to a company with an Audit and Supervisory Committee following the revision of the Companies Act, with a majority of Independent Directors on the Board. And the company is committed to establishing an accurate and swift decision-making and business execution system centered around the Board, in accordance with the basic principles of corporate governance. Therefore, the decision-making body for dividend of surplus should remain the Board of Directors based on the provisions of Article 459, Paragraph 1, and Article 460, Paragraph 1 of the Companies Act. Thus, **the Company's Board of Directors opposes the Shareholder Proposal.**

<Shareholder Proposals> Proposal 5: To appropriate surplus

① Details of the Proposal

Conditional on the approval of "Proposal 4 :Partial Amendment of the Articles of Incorporation," the disposal of surplus shall be as follows: If the Company proposes an agenda item regarding the disposal of surplus at the General Meeting of Shareholders, this proposal shall be independently proposed in addition to the Company's proposal. If a shareholder other than the Proposing Shareholder proposes an agenda item regarding the disposal of surplus at the General Meeting of Shareholders, this proposal shall be independently proposed in addition to the shareholder's proposal.

A. Type of Dividend Property

Cash

B. Dividend Amount per Share

From 100 yen per share, deducting the amount determined by the Board of Directors as the dividend per share of common stock for the fiscal year ending September 2024 based on Article 43 of the current Articles of Incorporation and the amount approved by shareholders other than the Proposing Shareholder at the General Meeting of Shareholders.

C. Allocation of Dividend Property and Total Amount

The dividend amount per share (total dividend amount calculated by multiplying the dividend amount per share by the total number of issued common shares as of March 31, 2025, excluding treasury shares).

D. Effective Date of Dividend Distribution

The date of the General Meeting of Shareholders

E. Dividend Payment Start Date

Three weeks from the business day following the date of the General Meeting of Shareholders

② Reason for the Proposal

As of December 31, 2024, the Company holds approximately 14.4 billion yen in cash and deposits and short-term investments (securities), equivalent to three years of selling, general, and administrative expenses. Additionally, the Company holds approximately 9.2 billion yen in long-term investment securities, mainly unrelated to its core business. The Company lacks the theoretical basis and inherent suitability to hold and manage such long-term investments. These should be sold and distributed to shareholders. Furthermore, as of December 31, 2024, cash and long-term investments account for 56% of total assets, highlighting an imbalance in capital structure.

Considering the current inflation in Japan, cash is losing value irreversibly. The amount of cash held by the Company is excessive, mechanically lowering ROE and hindering stock valuation. The Company has generated 12.1 billion yen in free cash flow over the past five years, thanks to its asset-light business model requiring limited working capital and minimal capital investment. Based on the Company's Medium-Term Management Plan, assuming sales growth rates and profit margins remain at past levels, it is appropriate to expect similar free cash flow over the next five years. Therefore, it is crucial to promptly improve capital structure and enhance shareholder returns.

Additionally, the balance of interest-bearing debt is 1.8 billion yen, significantly below the cash level, maintaining a favorable "net cash" status. Growth investments, including human capital, R&D, business development, and branding, are explained as costs before calculating profits attributable to shareholders in the financial results presentation materials dated May 13, 2024.

CRESCO has successfully invested 1.4 billion yen in M&A over the past five years. Considering future cash flows and the Company's low-interest borrowing capacity, accumulating 5 billion yen in cash reserves for future M&A investments is deemed excessive. The Proposing Shareholder expects the Company to act swiftly to enhance undervalued corporate value by appropriately distributing profits

attributable to shareholders. Furthermore, the Proposing Shareholder recommends that the Company promptly commit to future capital policies aligned with the best listed companies and meet long-term shareholder expectations.

Based on the above, the Proposing Shareholder proposes a year-end dividend of 100 yen per share for the fiscal year ending March 2025, with a consolidated dividend payout ratio of 123% based on the net profit forecast announced on February 6, 2025. This includes an exceptional dividend of 46 yen per share necessary to normalize the Company's balance sheet. Excluding the exceptional dividend, the regular dividend amount per share is 54 yen, equivalent to a 75% dividend payout ratio for the fiscal year ending March 2025. The Proposing Shareholder recommends that the Company maintain this dividend payout ratio level in the future.

If the Board of Directors decides on the disposal of surplus for the fiscal year based on Article 43 of the Articles of Incorporation, or if a shareholder proposal regarding the disposal of surplus other than this proposal is approved at the General Meeting of Shareholders, the year-end dividend amount per share will be adjusted to ensure a total dividend amount of 100 yen per share. The total dividend amount for the fiscal year ending March 2024 will be calculated by multiplying the dividend amount per share by the total number of issued shares as of March 31, 2025, excluding treasury shares.

<Opinion of the Company's Board of Directors >

The Company's Board of Directors opposes Proposal 5.

On February 5, 2024, the Company's Board of Directors changed the dividend policy to aim for continuous payout of dividends at about 40% of profit attributable to owners of parents. Subsequently, on May 13, 2024, the Company announced the Medium-Term Management Plan 2026, and has continued discussions on the appropriate dividend level. Considering the balance between growth and shareholder returns within the cash allocation plan to implement 20 billion yen in investments and shareholder returns over three years, the Board of Directors decided on May 9, 2025, to further raise the dividend payout ratio to 50%.

Regarding internal reserves, the Company plans to improve performance by allocating funds for business investments and contributions to enhance competitiveness in response to rapid technological advancements.

The proposal from the shareholder suggests a significant and rapid increase in the per-share dividend amount from the forecasted 40 yen for the fiscal year ending March 2025, which was announced by the Company on March 19, 2025. As of March 31, 2025, the CRESCO group holds approximately 13.6 billion yen in net cash. However, the majority of these funds are essential for maintaining fixed cost payments during periods of significant deterioration in the business environment and are also crucial for future growth.

While it is imperative to maintain the employment of our valuable personnel, who are the source of our corporate value, it also takes considerable time to train system engineers. Additionally, from the perspective of preventing turnover, it is necessary to raise salaries and other compensation. Therefore, to sustain our human resource portfolio and continue providing services, we believe it is essential to retain a certain amount of funds on hand. Consequently, we cannot allocate the entire amount to dividends.

To maintain competitiveness in the market, the Company needs emergency reserves and to invest in growth. The Company believes that planned capital policy, including investments and preparations, is the best way to enhance long-term shareholder value. The ongoing Medium-Term Management Plan 2026 includes plans for investments and shareholder returns over three years, and the company allocated approximately 5 billion yen for M&A over the past five years, indicating an increasing trend in transaction amounts and the need for ample funds to quickly succeed in transactions.

Thus, **the Company's Board of Directors opposes the Shareholder Proposal 5.**

<Shareholder Proposals> Proposal 6: To purchase treasury shares

① Details of the Proposal

Based on the provisions of Article 156, Paragraph 1 of the Companies Act, the Company shall acquire its common stock within one year from the conclusion of the General Meeting of Shareholders, up to a total of 8,800,000 shares, with a total acquisition amount not exceeding 12.5 billion yen, provided that the total acquisition amount permitted by the Companies Act (distributable amount specified in Article 461 of the Companies Act) does not fall below this amount. This proposal shall be resolved on the condition that "Proposal 4: Partial Amendment of the Articles of Incorporation," is approved.

② Reason for the Proposal

The Company's valuation multiples, such as price-to-earnings ratio and EBIT ratio, are lower than those of listed companies in the same industry. As of December 31, 2024, cash and deposits amount to approximately 14.4 billion yen, significantly exceeding interest-bearing debt of 1.8 billion yen. Enhancing capital efficiency and corporate value through the acquisition and cancellation of treasury shares is essential.

The Company has previously acquired treasury shares as part of its shareholder return policy in line with proactive capital policy. This proposal is consistent with those past efforts. As of December 31, 2024, the Company holds 9.2 billion yen in long-term investments, mainly unrelated to its core business. The Company lacks the business rationale and suitability to hold and manage such investments. In fact, the Company has incurred losses from derivative transactions, indicating a lack of expertise and investment know-how. Disposing of all long-term investments presents an opportunity to enhance capital efficiency through the acquisition of treasury shares.

Therefore, the Proposing Shareholder recommends acquiring treasury shares within one year from the General Meeting of Shareholders, up to a total of 8,800,000 shares, with a total acquisition amount not exceeding 12.5 billion yen. Based on "Proposal 5: Disposal of Surplus", if surplus disposal is carried out, the total shareholder return for the fiscal year will exceed 100%. However, as mentioned earlier, special profits from the disposal of long-term investments are expected to have no impact on financial health or growth in investment capacity.

All treasury shares currently held should be canceled within one month of the General Meeting of Shareholders. Additionally, treasury shares acquired within one year of the General Meeting of Shareholders should be canceled within one month of acquisition.

The Proposing Shareholder believes that all treasury shares should be canceled as best practice and should not be allocated to stock incentive programs or potential M&A projects.

The cancellation of treasury shares enhances corporate value and does not adversely affect the Company.

<Opinion of the Company's Board of Directors >

The Company's Board of Directors opposes Proposal 6.

The proposing shareholder suggests enhancing corporate value through the acquisition of treasury shares. This proposal demands a significant cash outflow of 12.5 billion yen within one year from the conclusion of the General Meeting of Shareholders, in addition to the substantial year-end dividend proposed in Proposal 2. Such a rapid expenditure of funds could jeopardize the Company's financial soundness. As of March 31, 2025, the Company holds a total of 13.6 billion yen in net cash, but allocating 12.5 billion yen for treasury share acquisition would undermine funds for growth investments and preparations for fixed costs during periods of reduced demand, causing concern among stakeholders, including employees, and loss of financial credibility with creditors such as business partners, and financial institutions. The ongoing Medium-Term Management Plan 2026 includes plans for cash allocation, including shareholder returns, over three years, aiming for consolidated sales of 100 billion yen by 2030 and expanding business investments.

Acquiring 8.8 million shares within one year from the General Meeting of Shareholders, with a total acquisition amount not exceeding 12.5 billion yen, is deemed unrealistic considering the Company's

trading volume of shares. Overall, the proposal for the acquisition of treasury shares is based on a short-term perspective that contradicts the interests of stakeholders aiming for mid- to long-term corporate value enhancement.

Therefore, **the Company's Board of Directors opposes Proposal 6.**