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(Mailing date) June 12, 2026

(Start date for electronic provision measures) June 5, 2026

Securities code: 4088

Ryosuke Matsubayashi

President and Representative Director

**AIR WATER INC.**

Grand Green Osaka South Building Park Tower 13F

5-54 Ofukacho, Kita-ku, Osaka-shi, Osaka

To Our Shareholders:

### **Notice of the 26<sup>th</sup> Annual General Meeting of Shareholders**

We are pleased to inform you that the 26<sup>th</sup> Annual General Meeting of Shareholders of AIR WATER INC. (hereinafter referred to as the “Company”) will be held as set forth below.

Regarding the convocation of this General Meeting of Shareholders, measures for electronic provision have been taken for the information contained in the Reference Materials for the General Meeting of Shareholders, etc. (Electronic Provision Measures Matters), and the information has been posted on the website below.

- The Company’s website

<https://www.awi.co.jp/en/ir/stock/investor.html>

In addition to the above, the information is also posted on the following website.

- The Tokyo Stock Exchange website (TSE Listed Company Search)

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

Please access the TSE website above, enter the Company name or securities code “4088” to conduct the search, select “Basic information” and “Documents for public inspection/PR information” in that order, and view the information from “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”

If you do not attend the meeting, you may exercise your voting rights either via postal mail, or via electronic means such as the Internet, in which case we ask that you carefully peruse “Reference Materials for General Meeting of Shareholders,” and submit your votes no later than 5:40 p.m. on Friday, June 26, 2026 by following the instructions on pages 7–8 (Japanese version).

**1. Date & Time:** Monday, June 29, 2026, at 10:00 a.m. (Reception starts at 9:00 a.m.)

**2. Venue:** 1-1, Kita-nijo-nishi 1-chome, Chuo-ku, Sapporo  
(Banquet Room “TSURU” on the second floor of New Otani Inn Sapporo)

### **3. Agenda**

#### ***Reporting matters:***

1. Report Concerning the Incidents of Inappropriate Accounting Practices in the Group
2. The Business Report, the Consolidated Financial Statements for the 26<sup>th</sup> term (For the year ended March 31, 2026), and reports of the audit results on the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors.
3. The Non-Consolidated Financial Statements for the 26<sup>th</sup> term (For the year ended March 31, 2026).

Note: Please refer to “Notice Concerning the Convening of an Adjourned Session of the 26<sup>th</sup> Annual General Meeting of Shareholders” on page 3 regarding the treatment of reporting matters 2 and 3.

***Proposals:***

**Proposal 1:** Election of Eight (8) Directors

**Proposal 2:** Election of Four (4) Corporate Auditors

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- Among Electronic Provision Measures Matters, the following matters are not included in the documents sent to shareholders in accordance with laws and regulations and provisions of the Company's Articles of Incorporation. However, the Corporate Auditors and the Accounting Auditors conduct audits of documents that include the following.
  - Matters concerning stock acquisition rights, etc. of the Company in the Business Report, systems to ensure the appropriateness of operations, and an overview of the status of operation of systems to ensure the appropriateness of operations
  - Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements in the Consolidated Financial Statements
  - Non-Consolidated Statement of Changes in Equity and Notes to Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements
- Should Electronic Provision Measures Matters require revisions, the items before and after revision will be posted on each of the websites indicated above.

Please refer to "Notice Concerning the Convening of an Adjourned Session of the 26<sup>th</sup> Annual General Meeting of Shareholders" on page 3 for the handling of Electronic Provision Measures Matters for reporting matters 2 and 3.

## **Notice Concerning the Convening of an Adjourned Session of the 26<sup>th</sup> Annual General Meeting of Shareholders**

Of the agenda for the 26<sup>th</sup> Annual General Meeting of Shareholders (hereinafter referred to as the “Meeting”), the Company plans to report “The Business Report, the Consolidated Financial Statements for the 26<sup>th</sup> term (For the year ended March 31, 2026), and reports of the audit results on the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors” and “The Non-Consolidated Financial Statements for the 26<sup>th</sup> term (For the year ended March 31, 2026)” (hereinafter referred to collectively as the “Reporting Matters”) to shareholders at the Meeting.

However, as the Company announced in “Notice Concerning the Publication of the Investigating Report by the Special Investigation Committee” dated April 3, 2026, and other notices, inappropriate accounting practices were discovered at the Company and several subsidiaries within the Group. As a result, the financial closing procedures and the audit procedures conducted by the Accounting Auditors for the fiscal year ended March 31, 2026, have not yet been completed. Consequently, the Company is unable to present the Reporting Matters at this General Meeting of Shareholders.

Accordingly, the Company plans to hold a separate session of the Meeting (hereinafter referred to as the “Adjourned Session”) to present the Reporting Matters. The Company also intends to seek the approval of shareholders on the day of the Meeting for a proposal (hereinafter referred to as the “Proposal”) to leave decisions regarding the date, time, and venue of the Adjourned Session to the discretion of the Board of Directors.

Once the Proposal has been approved at the Meeting, the Company intends to send a separate notice to all shareholders regarding the arrangements for the Adjourned Session before convening the Adjourned Session.

The Adjourned Session is part of the Meeting; therefore, the shareholders eligible to attend the Adjourned Session are the same as those eligible to exercise their voting rights at the Meeting.

We deeply and sincerely apologize for the great inconvenience and concern caused to our shareholders.

## **Report Concerning the Incidents of Inappropriate Accounting Practices in the Group**

In July 2025, the Company discovered, through a voluntary review, inappropriate accounting practices (deferral of loss recognition) related to inventories at a consolidated subsidiary. The Company subsequently undertook an internal investigation and, in September 2025, discovered inappropriate accounting treatment regarding inventory, supplies, and other items at several consolidated subsidiaries, as well as in a business division of the Company, and these accounting treatments were also pointed out in the course of audits by the Accounting Auditors.

The Company proceeded to establish the Special Investigating Committee composed of independent external experts in October 2025, and the Management Reform Committee, which includes external experts, in November 2025. These committees implemented a Group-wide investigation and a partial revision of management systems. As stated in “Notice Concerning the Publication of the Investigating Report by the Special Investigation Committee,” announced on April 3, 2026, the investigation by the Special Investigating Committee found that inappropriate accounting practices had been conducted within the Group during the period from fiscal 2019 to the first half of fiscal 2025; moreover, that members of top management and senior management had been involved in some of these practices. As a result of these incidents, the Company’s stock was designated by the Tokyo Stock Exchange as a Security on Alert, effective May 1, 2026. The Company is currently proceeding with the formulation of an improvement plan. In such cases, the establishment and operational status of internal management systems are examined one year after this designation is applied, as a rule, and a decision is made on whether or not to delist the company, based on the improvements made.

The Company has taken disciplinary action against the relevant parties, including a full or partial reduction of monthly remuneration for the incumbent Directors and Corporate Auditors. Strict disciplinary action has also been taken against all officers and employees of the Group involved in these incidents.

The former Chairman and Representative Director and the former Director and Executive Vice President have resigned.

The Company sincerely accepts the analysis of causes and recommendations set forth in the Investigation Report, and will implement measures to prevent recurrence with unwavering determination as its highest management priority, making every effort Group-wide to restore public trust.

### **1. Overview of the investigation by the Special Investigating Committee**

The Special Investigating Committee conducted an investigation with the aims of clarifying the facts relating to the inappropriate accounting practices, checking for the presence of similar incidents and their impact across the entire Group, calculating the financial impact, analyzing the causes, and making recommendations for measures to prevent any future recurrence. The investigation was conducted using methods such as interviews with relevant parties, examination of documents, and digital forensics. The Company received the committee’s Investigation Report on March 31, 2026.

### **2. Main findings of the investigation**

The investigation confirmed multiple instances of inappropriate accounting practices, including the overstatement of inventory (including recording non-existent inventory), deferral of loss recognition related to asset impairment, inventory discrepancies, and other losses, premature revenue recognition, and the overstatement of sales, at the Company and several Group companies.

### **3. Analysis of causes**

Over a prolonged period, an environment had been formed in which inappropriate accounting practices were likely to go undetected. This was the combined result of multiple causes, including a corporate culture and top-down organizational management that placed the highest priority on achieving performance targets, insufficient development of accounting and administrative functions, inadequate effectiveness of the internal control system, low accounting literacy, and a lack of ethical awareness required of a listed company group.

\*Multiple reasons why the inappropriate accounting practices occurred:

- (1) Under a corporate culture that placed the highest priority on achieving performance targets, excessive performance-related pressure was imposed on frontline operations, making it difficult to express opinions or concerns frankly.
- (2) The management control systems and rules failed to adequately keep pace with the progress of growth strategies and M&A.
- (3) There were issues with how top management and senior management were involved in accounting processes and with the effectiveness of internal controls.
- (4) The structure of the business workflow made it difficult to correct the inappropriate accounting practices.
- (5) There was insufficient sharing of knowledge and awareness relating to accounting and compliance (accounting literacy), as well as the consciousness and understanding required of a listed company group.
- (6) Monitoring by the administrative departments and internal audit department, and oversight by the Board of Directors and the Board of Corporate Auditors, were not functioning adequately.
- (7) There were awareness and structural issues concerning responsibility for financial reporting.

#### 4. Measures to prevent recurrence

Based on this analysis of the causes of these incidents, the Company has established recurrence prevention measures centered on four pillars: “Reform of Corporate Culture,” “Governance Reform,” “Rebuilding of the Management Infrastructure and Internal Control,” and “Review of Group-wide Strategy (Business Portfolio).”

As part of the “Corporate Culture Reform” pillar, the Company is working to eradicate improper accounting practices by prioritizing “appropriate conduct” and fostering a corporate culture that places the highest value on compliance. The Company’s top management will clearly demonstrate its own commitment to reform, instill a Group-wide mindset that prioritizes compliance through direct dialogue with employees, and revise goal-setting based on actual frontline conditions. At the same time, the Company will ensure psychological safety, improve the effectiveness of the internal whistleblowing systems, and strengthen training in corporate ethics and accounting for officers and employees.

As part of the “Governance Reform” pillar, the Company will prioritize external oversight and advance the strengthening of governance by reinforcing the supervisory function of the Board of Directors and the auditing function of the Board of Corporate Auditors. In January 2026, an Outside Director was appointed as Chairperson of the Board of Directors to enhance the transparency of Board deliberations. Moreover, in April 2026, the composition of the Nomination and Compensation Committee was changed to consist solely of Outside Directors to further enhance the fairness and objectivity of the process for nominating candidates for Director.

As part of the “Rebuilding of the Management Infrastructure and Internal Control” pillar, the Company is working to strengthen its organizational systems to ensure effective management of the expanded Group, in light of the challenges to management and oversight functions that have emerged due to rapid business expansion. In March 2026, the Company appointed a Chief Accounting and Finance Officer, and will engage in the review and monitoring of business processes and subsidiary management to ensure that any issues are addressed promptly.

As part of the “Review of Group-wide Strategy (Business Portfolio)” pillar, the Company will redefine its core competencies and restructure its business portfolio, focusing resources on core businesses and progressively restructuring non-core businesses.

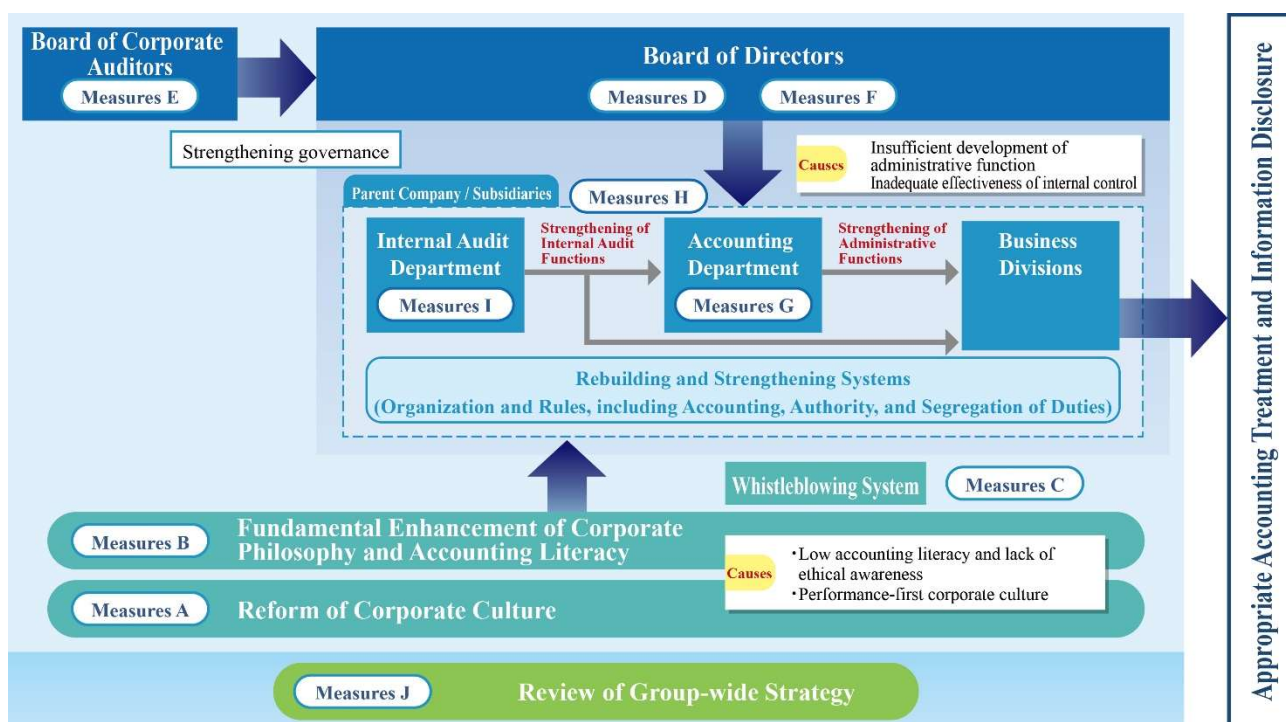
The Company will drive the Group-wide implementation of these four-pillar measures to prevent recurrence, and will make every effort to enhance the transparency and soundness of management and restore public trust.

Please refer to the dedicated page on the Company’s website for detailed information, including the incidents of inappropriate accounting practices and measures to prevent recurrence:

<https://www.awi.co.jp/ja/company/management-reform.html> (in Japanese only)

## Overview of Recurrence Prevention Measures

(1) Reform of Corporate Culture	Measures A	· Fundamental reform toward a corporate culture that places the highest priority on compliance and is “sound, open, and encourages proper conduct”
	Measures B	· The appropriate setting of performance targets, the elimination of excessive performance pressure, and fundamental strengthening of education and training
	Measures C	· Strengthening the whistleblowing system
(2) Governance Reform	Measures D	· Strengthening the supervisory function of the Board of Directors
	Measures E	· Strengthening the audit function of the Board of Corporate Auditors
	Measures F	· Strengthening the role of the Nomination and Compensation Committee
(3) Rebuilding of the Management Infrastructure and Internal Control	Measures G	· Strengthening of the finance and accounting functions
	Measures H	· Rebuilding the internal control framework from a Group-wide perspective
	Measures I	· Strengthening the internal audit function
(4) Review of Group-wide Strategy	Measures J	· Review of the business portfolio



## Reference Materials for General Meeting of Shareholders

### *Proposal 1: Election of Eight (8) Directors*

#### 1. Summary of the proposal

The terms of office of all the 8 Directors (including 4 Outside Directors) will expire at the close of the Meeting.\*<sup>1</sup> The Company solemnly acknowledges the seriousness of the recent incidents of inappropriate accounting practice, which have fundamentally shaken trust in management.

This proposal represents more than merely the renewal of Directors' terms of office; rather, it represents a radical overhaul, returning the management structure to a blank slate to revive the Company and restore trust.

This proposal will decrease the number of internal Directors by 1 and increase the number of Outside Directors by 1, transitioning the Board of Directors to a structure composed of a majority of Outside Directors to rebuild the effectiveness of its supervisory function. Accordingly, the Company requests the appointment of the 8 Director candidates (including 5 Outside Director candidates\*<sup>2</sup>).

\*1 All 8 incumbent Directors will leave office, and all 8 candidates for Director will take office, at the adjournment of this Meeting (at the conclusion of deliberations on June 29, 2026).

\*2 Of the 5 Outside Director candidates, 3 are new candidates.

#### 2. Background to the selection of the candidates for Director

The Company, prompted by the occurrence of the incidents of inappropriate accounting practices, examined the issues inherent in its existing management structure and decision-making processes, and, without assuming any preconditions for the selection of Director candidates, took an unbiased approach to the reconsideration of potential candidates from both within and outside the Group.

The process used to select the Director candidates was as follows. The Nomination and Compensation Committee\*<sup>1</sup> conducted multiple interviews with candidates from within and outside the Group and engaged in careful deliberations, taking into account the final report of the Special Investigating Committee\*<sup>2</sup> and the evaluation results of the Accountability Assessment Committee.\*<sup>3</sup> It then submitted its recommendations to the Board of Directors. Upon receiving these recommendations, the Board of Directors engaged in considerations and discussions concerning the optimal Board structure to contribute to the Company's revitalization, and made the final determination on the candidates.

\*1 The three-person Nomination and Compensation Committee is chaired by Outside Director Ms. Yuko Haga, and is also composed of Outside Director Mr. Takao Matsui and Outside Corporate Auditor Mr. Atsushi Hayashi.

\*2 Composed of three independent external experts (two attorneys-at-law and one Certified Public Accountant).

\*3 The five-person Accountability Assessment Committee is chaired by Outside Corporate Auditor Mr. Atsushi Hayashi and is also composed of Outside Director Mr. Takao Matsui, Outside Director Mr. Yoshihiro Senzai, and two independent external experts (attorneys-at-law).

#### 3. Criteria for the selection of Director candidates

Through the process outlined above, the Company has determined the candidates for Director, focusing on the following matters:

(1) Can the candidate steadily implement the fundamental strengthening of internal controls and measures to prevent any recurrence of misconduct?

Candidates must possess the knowledge and experience necessary to vigorously drive the rebuilding of internal control systems—including ensuring the reliability of financial reporting—and oversee their effectiveness.

(2) Can the candidate envision the company's future growth, even in a challenging business environment?

Candidates must possess the strategic vision and execution capabilities necessary to achieve both the Company's turnaround and its medium- to long-term growth, taking into account the current business environment and management challenges.

(3) Can the candidate supervise management from an independent standpoint and demonstrate the necessary oversight without hesitation?

Candidates must be able to provide necessary feedback and corrective measures from a third-party, objective perspective, without being bound by the Company's internal logic, and without hesitation.

In addition to the three perspectives outlined above, the Company also focused on the most important criterion of whether potential candidates could face the task of revitalizing the Company head-on, with responsibility and resolve, in this time of crisis.

For internal Director candidates, the Company's basic approach has been to classify Directors' areas of responsibility into "overall," "administrative," and "business," and clarify the roles and supervisory responsibilities of each position and to seek an appropriate allocation of personnel in these areas, based on the expertise and experience required in each.

For Outside Directors, the Company has selected candidates with a focus on issues such as the amount of time they can devote to management of the Company and their experience as outside officers at other listed companies, in addition to expertise and independence, with the aims of supplementing the expertise lacking on the Company's Board of Directors and establishing a highly effective oversight structure.

This proposal marks the starting point, based on our recognition of the Company's current situation, for a fundamental revision of our management approach and the Company's revitalization into a company that once again earns the trust of society.

This overhaul of the Board of Directors structure is intended to enable the Board itself to drive reforms and restore trust through concrete actions and results.

Accordingly, we respectfully request the approval of shareholders for the appointment of the candidates for Director that the Company has determined to be optimal for realizing this goal.


The candidates for Director are as follows:

Candidate Number	Name / Attribute	Gender	Current Positions in the Company, etc.	Attendance at the Board of Directors Meetings
1	Yoshihiro Senzai Reappointed	Male	Chairperson of the Board of Directors Outside Director	28 / 28
2	Yu Karato Newly appointed	Male	Senior Managing Executive Officer Chief Accounting and Finance Officer	—
3	Hirokazu Nishimura Newly appointed	Male	Managing Executive Officer	—
4	Yuko Haga Reappointed Outside Director Independent Officer	Female	Outside Director	27 / 28
5	Rochelle Kopp Reappointed Outside Director Independent Officer	Female	Outside Director	24 / 25
6	Mikihiko Kato Newly appointed Outside Director Independent Officer	Male		—
7	Mitsutoshi Matsushita Newly appointed Outside Director Independent Officer	Male		—
8	Shinichi Kawasaki Newly appointed Outside Director Independent Officer	Male		—


Newly appointed: Candidate for new Director    Reappointed: Candidate for Director to be reappointed


Outside Director: Candidate for Outside Director


Independent Officer: Independent Officer registered with the Exchanges


Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
1	 Yoshihiro Senzai (Apr. 2, 1948) <u>Reappointed</u>	Apr. 1971 Joined Hitachi Maxell, Ltd. (currently Maxell, Ltd.) Apr. 2011 President and Representative Director of Hitachi Maxell, Ltd. (currently Maxell, Ltd.) June 2016 Chairman and Representative Director of Hitachi Maxell, Ltd. (currently Maxell, Ltd.) Oct. 2017 Chairman and Representative Director of Maxell Holdings, Ltd., Chairman and Director of Maxell, Ltd. Sep. 2021 Outside Director of I-O DATA DEVICE, INC. (current position) Jun. 2022 Outside Director of the Company (current position) Jan. 2026 Chairperson of the Board of Directors of the Company (current position)	13,090
		Attendance at the Board of Directors Meetings: 28 / 28	
		Reasons for nomination as a candidate for Director: Mr. Yoshihiro Senzai, in addition to his achievement as an engineer at Hitachi Maxell, Ltd. (current Maxell, Ltd.), served as Representative Director, President, and Chairman. He has also accumulated a wealth of experience and deep insight in corporate management, such as serving as the outside director of another company. As Outside Director of the Company, he provides advice and supervises the Company's overall management from an independent perspective not shared by the internal Directors. In response to the recent incidents of inappropriate accounting practices, the Company must swiftly enhance internal controls and upgrade governance systems across the entire Group. To improve the effectiveness of the Board of Directors and strengthen its supervisory functions, Mr. Senzai has been leading these efforts as Chairperson of the Board of Directors since January 2026. Going forward, we recognize that the Company's Representative Director must shoulder an extremely heavy responsibility and role in restoring trust. In this context, Mr. Senzai has experience serving as President and Representative Director of a company currently listed on the Prime Market of the Tokyo Stock Exchange, and, as an Outside Director of the Group, possesses a deep understanding of our current situation and challenges. For these reasons, we have selected him as a candidate for the position of Director in charge of overall management. If this proposal is approved, he is scheduled to take office as Representative Director, President and Executive Officer of the Company.	



Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
2	 Yu Karato (Jun 3, 1953) <u>Newly appointed</u>	<p>Apr. 1977 Joined Sumitomo Metal Industries, Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 1994 General Manager of Steel Planning Office, Steel Division, Sumitomo Metal Industries, Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2001 General Manager of Engineering Division, Engineering Headquarters, Sumitomo Metal Industries, Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2004 General Manager of Accounting Department, Sumitomo Metal Industries, Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2006 Director, General Manager of Accounting Department, and Head of Shared Services Center of the Company</p> <p>Jun. 2009 Managing Director, General Manager of Management Control Department, Corporate Headquarters of the Company</p> <p>Jun. 2015 Senior Managing Director, In charge of corporate planning and administration of the Company</p> <p>Apr. 2017 Director and Vice President, Director of Chemicals Company of the Company</p> <p>Apr. 2019 Director and Vice President, Hokkaido Representative of the Company</p> <p>Jun. 2022 Executive Vice President and Hokkaido Representative of the Company</p> <p>Jun. 2023 Hokkaido Representative of the Company</p> <p>Jan. 2026 Senior Managing Executive Officer, Head of Consolidated Management Office, and Hokkaido Representative of the Company</p> <p>Mar. 2026 Senior Managing Executive Officer, Chief Accounting and Finance Officer of the Company (current position)</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Reasons for nomination as a candidate for Director:            Mr. Yu Karato held key positions in the steel planning and engineering divisions of Sumitomo Metal Industries, Ltd. (currently NIPPON STEEL CORPORATION), before serving as General Manager of the Accounting Department of that company. Since joining the Company in 2006, he has served in various positions, including General Manager of the Accounting Department and Managing Director in charge of the management control division, and played a central role in finance, accounting, and management control until 2017. As Executive Vice President from 2019, he served as the representative for Hokkaido, working to strengthen ties with local governments and economic organizations while driving the Group's diverse business expansion in Hokkaido. Following the discovery of the recent incidents of inappropriate accounting practices, he was appointed Senior Managing Executive Officer and Chief Accounting and Finance Officer, and has been leading efforts to strengthen management systems—including audit response—and rebuild the internal control system. For these reasons, we have selected him as a candidate for the position of Director in charge of administrative divisions, as he is expected to perform a key role in steadily advancing the implementation of measures to strengthen the Group-wide governance structure and prevent the recurrence of any inappropriate accounting practices. If this proposal is approved, he is scheduled to take office as Representative Director and Executive Vice President of the Company.</p>	65,737

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
3	 Hirokazu Nishimura (May 26, 1968) <u>Newly appointed</u>	<p>Apr. 1991 Joined Hoxan Corporation (currently the Company)</p> <p>Apr. 2010 General Manager of Hiroshima Branch of Chugoku Air Water Inc.</p> <p>Apr. 2013 Director and General Manager of Hiroshima Branch of Chugoku and Shikoku Air Water Inc.</p> <p>Jun. 2014 General Manager of Chugoku and Shikoku Branch of the Company President and Representative Director of Chugoku and Shikoku Air Water Inc.</p> <p>Apr. 2016 Executive Officer and General Manager of Chugoku and Shikoku Branch of the Company President and Representative Director of Chugoku and Shikoku Air Water Inc.</p> <p>Apr. 2019 Group Executive Officer of the Company President and Representative Director of Chugoku and Shikoku Air Water Inc.</p> <p>Oct. 2020 Managing Executive Officer and General Manager of Chubu Branch of Air Water East Japan Inc.</p> <p>Jun. 2023 Group Executive Officer of the Company President and Representative Director of Air Water East Japan Inc.</p> <p>Apr. 2025 Managing Executive Officer, General Manager of the Green Innovation Unit, Energy Solutions Group of the Company President and Representative Director, Air Water Green Design Co., Ltd. (current position)</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Reasons for nomination as a candidate for Director: Mr. Hirokazu Nishimura has held key positions, primarily in the industrial gas and medical businesses, where he contributed to strengthening the customer base and improving profitability. He has also served as President and Representative Director of regional operating companies responsible for the Group's diverse businesses. He was appointed Managing Executive Officer in April 2025 and is leading new initiatives in the clean energy sector to achieve both the resolution of social issues—including decarbonization—and the enhancement of corporate value. In addition to the customer-centered perspective and negotiation skills he has cultivated through his experience in sales divisions, he possesses management experience as the head of regional operating companies, giving him a broad perspective that encompasses the whole of the Group's operations. We have determined that he will steadily advance initiatives aimed at achieving his clear vision for the future direction of the Company and leverage his in-depth frontline insight to contribute to the formulation and execution of a growth strategy centered on industrial gases. For these reasons, we have selected him as a candidate for the position of Director in charge of business divisions.</p>	7,672

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
4	 Yuko Haga (Dec. 8, 1955) <u>Reappointed</u>	<u>Outside Director</u> <u>Independent officer</u>	1,249
		Apr. 1989 Senior Consultant, Strategy Consulting Group, Price Waterhouse Consultants	
		Apr. 1991 Representative of Haga Management Consulting Office (current position)	
		Apr. 2017 Associate Professor of Graduate School of Management, NUCB Business School	
		Mar. 2019 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.)	
Apr. 2020 Professor of Graduate School of Management, NUCB Business School (current position)			
Jun. 2020 Outside Director of MinebeaMitsumi Inc. (current position)			
Jun. 2024 Outside Director of the Company (current position)			
Significant concurrent positions:		Representative, Haga Management Consulting Office Professor, Graduate School of Management, NUCB Business School Outside Director of MinebeaMitsumi Inc.	
Attendance at the Board of Directors Meetings: 27 / 28			
Reasons for nomination as a candidate for Outside Director and summary of expected roles:		Ms. Yuko Haga has specialized insight on M&A and corporate governance, etc., as a researcher of corporate strategies, as well as a wealth of experience that she has cultivated as a management consultant, as well as deep insight gained from practical research, etc., at specialist organizations. We believe that she will make use of her experience and insight for the management of the Company, and have determined that she is suitable for an Outside Director. Since being appointed to chair the Nomination and Compensation Committee in December 2024, she has worked to clarify the appointment process and evaluation system for Directors, as well as to review the compensation system to ensure that responsibilities and roles are clearly defined, aiming to enhance the committee's function based on corporate governance reforms, even before the incidents of inappropriate accounting practices were discovered. We expect her to continue to provide advice on the Company's overall management, perform a supervisory function, and contribute to improving the effectiveness of the Board of Directors. For these reasons, we believe that she is a suitable candidate for the position of Outside Director.	

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate																				
5	 Rochelle Kopp (Jun. 29, 1964) <u>Reappointed</u>	<input type="checkbox"/> Outside Director <input type="checkbox"/> Independent officer	0																				
		<table border="0"> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 1986</td> <td>Business Analyst, ZS Associates, Inc.</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 1987</td> <td>Senior Business Analyst, ZS Associates, Inc.</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Aug. 1988</td> <td>International Public Relations Specialist, The Yasuda Trust &amp; Banking Co. , Ltd. (currently Mizuho Trust &amp; Banking Co., Ltd.)</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Oct. 1992</td> <td>Consultant, IPC Group, Inc.</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jul. 1994</td> <td>Managing Principal of Japan Intercultural Consulting (current position)</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Apr. 2019</td> <td>Professor of Faculty of Foreign Studies, The University of Kitakyushu</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 2020</td> <td>Outside Director of MS&amp;AD Insurance Group Holdings, Inc. (current position)</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Apr. 2021</td> <td>Outside Director of Lightworks Corporation.</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Apr. 2021</td> <td>Visiting Professor, Department of Business Design, Faculty of Global Business, Showa Women’s University (current position)</td> </tr> <tr> <td style="vertical-align: top; padding-right: 10px;">Jun. 2025</td> <td>Outside Director of the Company (current position)</td> </tr> </table>		Jun. 1986	Business Analyst, ZS Associates, Inc.	Jun. 1987	Senior Business Analyst, ZS Associates, Inc.	Aug. 1988	International Public Relations Specialist, The Yasuda Trust & Banking Co. , Ltd. (currently Mizuho Trust & Banking Co., Ltd.)	Oct. 1992	Consultant, IPC Group, Inc.	Jul. 1994	Managing Principal of Japan Intercultural Consulting (current position)	Apr. 2019	Professor of Faculty of Foreign Studies, The University of Kitakyushu	Jun. 2020	Outside Director of MS&AD Insurance Group Holdings, Inc. (current position)	Apr. 2021	Outside Director of Lightworks Corporation.	Apr. 2021	Visiting Professor, Department of Business Design, Faculty of Global Business, Showa Women’s University (current position)	Jun. 2025	Outside Director of the Company (current position)
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		Jun. 1987		Senior Business Analyst, ZS Associates, Inc.																			
		Aug. 1988		International Public Relations Specialist, The Yasuda Trust & Banking Co. , Ltd. (currently Mizuho Trust & Banking Co., Ltd.)																			
Oct. 1992	Consultant, IPC Group, Inc.																						
Jul. 1994	Managing Principal of Japan Intercultural Consulting (current position)																						
Apr. 2019	Professor of Faculty of Foreign Studies, The University of Kitakyushu																						
Jun. 2020	Outside Director of MS&AD Insurance Group Holdings, Inc. (current position)																						
Apr. 2021	Outside Director of Lightworks Corporation.																						
Apr. 2021	Visiting Professor, Department of Business Design, Faculty of Global Business, Showa Women’s University (current position)																						
Jun. 2025	Outside Director of the Company (current position)																						
Significant concurrent positions:																							
Managing Principal of Japan Intercultural Consulting																							
Outside Director of MS&AD Insurance Group Holdings, Inc.																							
Attendance at the Board of Directors Meetings: 24/25																							
<p>Reasons for nomination as a candidate for Outside Director and summary of expected roles:</p> <p>Ms. Rochelle Kopp has her cross-cultural understanding and global perspective, as well as a wealth of experience and deep insight that she has cultivated as a management consultant in Japan and the United States. Believing that she will make use of her experience and insight for the management of the Company, we have determined that she is suitable for an Outside Director of the Company. We expect her to continue to provide advice on the Company’s overall management, perform a supervisory function, and contribute to improving the effectiveness of the Board of Directors. For these reasons, we have selected her as a candidate for Outside Director, making use of her unique viewpoint not shared by the internal Directors, and her wealth of experience and deep insight, cultivated through practical training, etc. at specialist organizations. For these reasons, we believe that she is a suitable candidate for the position of Outside Director.</p>																							

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate	
6	 Mikihiko Kato (Aug. 18, 1962) Newly appointed	<div style="display: flex; justify-content: space-around;"> <span>Outside Director</span> <span>Independent officer</span> </div>	100	
		Apr. 1985		Joined NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
		May 1998		Controller of NGK Spark Plugs (U.S.A.), Inc.
		May 2000		CFO of NGK Spark Plugs (U.S.A.), Inc.
		Aug. 2012		President of CERAMICA E VELAS DE IGNICAO NGK DO BRASIL LTDA.
		Oct. 2015		General Manager of Corporate Planning Department, NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
		Apr. 2016		Corporate Officer, General Manager of Corporate Planning Department, NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
		Jun. 2017		Director and Corporate Officer, Head of Corporate Strategy Headquarters, NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
		Apr. 2019		Director and Executive Officer, Head of Corporate Strategy Headquarters NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.)
		Jun. 2022		Director and Full-time Audit and Supervisory Committee Member of Niterra Co., Ltd.
Jun. 2024	Advisor of Niterra Co., Ltd. (current position)			
Jul. 2025	Advisor of YOKOTA ENTERPRISE Co., Ltd. (current position)			
	Significant concurrent position: Advisor of Niterra Co., Ltd. Advisor of YOKOTA ENTERPRISE Co., Ltd.			
	Attendance at the Board of Directors Meetings: -			
	Reasons for nomination as a candidate for Outside Director and summary of expected roles: Mr. Mikihiko Kato has extensive experience in global finance and management, having served as Controller and CFO of a U.S. subsidiary of NGK SPARK PLUG CO., LTD. (currently Niterra Co., Ltd.), and as President of a Brazilian subsidiary, where he was responsible for managing overseas operations. In addition, he served as General Manager of the Corporate Planning Department and Executive Officer in charge of corporate strategy at the headquarters of NGK SPARK PLUG CO., LTD., where he was involved in the formulation and implementation of management strategies. He also has experience in management oversight as a Director and Full-time Audit and Supervisory Committee Member. Based on this experience, he is expected to play a key role in strengthening the Group's governance and internal controls, as well as ensuring the effectiveness of measures to prevent recurrence, from both financial/accounting and management strategy perspectives. For these reasons, we believe that he is a suitable candidate for the position of Outside Director.			

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
7	 Mitsutoshi Matsushita (Oct. 3, 1970) <u>Newly appointed</u>	<div style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; margin-left: 10px;">Independent officer</span> </div> <p>Apr. 1997 Registered as an attorney-at-law (Dai-Ichi Tokyo Bar Association)  Joined Kajitani Law Offices (current position)</p> <p>Jun 2016 Outside Auditor of Pacific System Co., Ltd. (current position)</p> <p>Jun. 2017 Outside Director and Audit and Supervisory Committee Member, TSUMURA &amp; CO.</p> <p>Significant concurrent position:  Attorney of Kajitani Law Offices</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Reasons for nomination as a candidate for Outside Director and summary of expected roles:  Mr. Mitsutoshi Matsushita possesses extensive experience and deep insight as an attorney specializing in corporate law. He possesses extensive knowledge regarding corporate governance, having served as Outside Director and Audit and Supervisory Committee Member of a company currently listed on the Tokyo Stock Exchange Prime Market, as well as an Outside Auditor of a company that was listed on the Standard Market. Although he has never been directly involved in corporate management, we expect that he will leverage his extensive experience and deep insight to provide valuable advice and exercise oversight over the Company's overall management, making use of his unique viewpoint not shared by the internal Directors. For these reasons, we believe that he is a suitable candidate for the position of Outside Director.</p>	0
		<div style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; margin-left: 10px;">Independent officer</span> </div> <p>Apr. 1989 Joined Osaka Gas Co., Ltd.</p> <p>Apr. 2013 Executive Officer and General Manager of Fine Materials Business Department of Osaka Gas Chemicals Co., Ltd.</p> <p>Apr. 2016 General Manager of Energy Technology Laboratories, Osaka Gas Co., Ltd.</p> <p>Apr. 2019 Director and Managing Executive Officer of KRI, Inc.</p> <p>Apr. 2020 President and Representative Director of KRI, Inc.</p> <p>Jun. 2024 Senior Managing Director of Osaka Science &amp; Technology Center</p> <p>Significant concurrent position:  Senior Managing Director of Osaka Science &amp; Technology Center</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Reasons for nomination as a candidate for Outside Director and summary of expected roles:  Mr. Shinichi Kawasaki has a proven track record of consistently driving initiatives from research and development through to implementation and commercialization. At Osaka Gas Co., Ltd., he was engaged in R&amp;D and commercialization in the gas, energy, and materials sectors at the New Technology Laboratories and other divisions. He subsequently played a central role in shaping technical strategy as Director of the Energy Technology Laboratories. Furthermore, as President and Representative Director of KRI Co., Ltd., he managed the R&amp;D business and led the organization from both technical and managerial perspectives. Given his expertise in technology in the gas and energy fields—which aligns with the Group's needs—we expect him to provide objective technical evaluations and appropriate advice regarding our growth strategies and existing businesses, thereby further strengthening the functions of our Board of Directors. For these reasons, we believe that he is a suitable candidate for the position of Outside Director.</p>	
8	 Shinichi Kawasaki (Feb. 5, 1964) <u>Newly appointed</u>	<div style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; margin-left: 10px;">Independent officer</span> </div> <p>Apr. 1989 Joined Osaka Gas Co., Ltd.</p> <p>Apr. 2013 Executive Officer and General Manager of Fine Materials Business Department of Osaka Gas Chemicals Co., Ltd.</p> <p>Apr. 2016 General Manager of Energy Technology Laboratories, Osaka Gas Co., Ltd.</p> <p>Apr. 2019 Director and Managing Executive Officer of KRI, Inc.</p> <p>Apr. 2020 President and Representative Director of KRI, Inc.</p> <p>Jun. 2024 Senior Managing Director of Osaka Science &amp; Technology Center</p> <p>Significant concurrent position:  Senior Managing Director of Osaka Science &amp; Technology Center</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Reasons for nomination as a candidate for Outside Director and summary of expected roles:  Mr. Shinichi Kawasaki has a proven track record of consistently driving initiatives from research and development through to implementation and commercialization. At Osaka Gas Co., Ltd., he was engaged in R&amp;D and commercialization in the gas, energy, and materials sectors at the New Technology Laboratories and other divisions. He subsequently played a central role in shaping technical strategy as Director of the Energy Technology Laboratories. Furthermore, as President and Representative Director of KRI Co., Ltd., he managed the R&amp;D business and led the organization from both technical and managerial perspectives. Given his expertise in technology in the gas and energy fields—which aligns with the Group's needs—we expect him to provide objective technical evaluations and appropriate advice regarding our growth strategies and existing businesses, thereby further strengthening the functions of our Board of Directors. For these reasons, we believe that he is a suitable candidate for the position of Outside Director.</p>	0

Notes:

1. There are no conflicts of interest between each candidate and the Company.
2. Ms. Yuko Haga, Ms. Rochelle Kopp, Mr. Mikihiro Kato, Mr. Mitsutoshi Matsushita, and Mr. Shinichi Kawasaki are candidates for Outside Director.
3. The Company has entered into liability limitation agreements with Ms. Yuko Haga and Ms. Rochelle Kopp to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum amount prescribed in Article 425, Paragraph 1 of the same Act under the condition that they perform their duties in good faith with no acts of gross negligence. If the election of Ms. Yuko Haga and Ms. Rochelle Kopp is approved as per this Proposal, the Company plans to continue the agreements. If the election of

Mr. Mikihiko Kato, Mr. Mitsutoshi Matsushita, and Mr. Shinichi Kawasaki is approved as per this Proposal, the Company plans to enter into the agreements with them with the same contents as above.

4. The Company has entered into a directors and officers (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If the election of each candidate for Director is approved as per this Proposal, each candidate for Director will be insured under the insurance policy. Under this insurance policy, coverage is provided for litigation costs and damages that the insured parties bear as a result of corporate litigation, third-party litigation, shareholder derivative suits, and similar proceedings. However, as a measure to ensure that the proper execution of duties by officers and other personnel is not compromised, damages resulting from criminal acts, etc., committed by the insured parties are excluded from coverage.
5. Ms. Yuko Haga has served as an Outside Director of the Company since June 2024, and her term of office will reach two years at the adjournment of this Meeting (at the conclusion of deliberations on June 29, 2026).
6. Ms. Rochelle Kopp has served as an Outside Director of the Company since June 2025, and her term of office will reach one year at the adjournment of this Meeting (at the conclusion of deliberations on June 29, 2026).
7. Ms. Yuko Haga and Ms. Rochelle Kopp satisfy the requirements for independent officers set forth in the regulations of the Tokyo Stock Exchange and Sapporo Securities Exchange and the Criteria for Assessing the Independence of Outside Officers stipulated by the Company. Therefore, if the election of Ms. Yuko Haga and Ms. Rochelle Kopp is approved as per this Proposal, the Company will continue to file the same notification with the Exchanges on which the Company's shares are listed. If the election of Mr. Mikihiko Kato, Mr. Mitsutoshi Matsushita, and Mr. Shinichi Kawasaki is approved as per this Proposal, the Company also plans to file the notification with the Exchanges, designating them as independent officers, as they satisfy the requirements for independent officers set forth in the regulations of the Tokyo Stock Exchange and Sapporo Securities Exchange and the Criteria for Assessing the Independence of Outside Officers stipulated by the Company.
8. Although the Company had an outsourcing contract until June 2024 with Haga Management Consulting Office, at which Ms. Yuko Haga serves as a representative, consideration for the contract is less than 5 million yen per year, which is less than 1% of the consolidated net sales of the Company. Accordingly, the Company deems that there is no problem about her independence. At present, there is no contractual relationship.
9. Ms. Yuko Haga's name in her family register is Yuko Hayashi.
10. There are no transactions between the Company and Japan Intercultural Consulting at which Ms. Rochelle Kopp serves as managing principal, and the Company deems that there is no problem with her independence.
11. During the term of office of Ms. Yuko Haga and Ms. Rochelle Kopp as Outside Directors of the Company, incidents of inappropriate accounting practices relating to inventory and other items were discovered at the Company and several Group companies. Even before the incidents were discovered, both Ms. Yuko Haga and Ms. Rochelle Kopp had been objectively overseeing the Company's management at Board of Directors meetings and other forums, and had been emphasizing the importance of legal compliance. Since the incidents were discovered, they have been fulfilling their duties appropriately by offering opinions on strengthening legal compliance and internal controls, as well as overseeing the implementation of measures to prevent recurrence. Furthermore, as Chairperson of the Nomination and Compensation Committee, Ms. Yuko Haga has consistently led the committee's deliberations and made any necessary recommendations to the Board of Directors with a view to ensuring the transparency and objectivity of the Company's processes for nominating officers and determining compensation. Since the incidents came to light, in addition to the aforementioned efforts, she has fulfilled her duties by appropriately leading discussions regarding the evaluation, nomination, and compensation of officers to help establish an effective governance framework aimed at preventing any recurrence.
12. Mr. Mikihiko Kato is scheduled to retire as Advisor of YOKOTA ENTERPRISE Co., Ltd. on June 30, 2026.
13. The Group has business transactions with Niterra Co., Ltd., at which Mr. Mikihiko Kato serves as Advisor. However, the value of these transactions represents less than 1% of the consolidated net sales of the Company over each of the last three fiscal years. Accordingly, the Company deems that there is no problem about his independence.
14. Mr. Mitsutoshi Matsushita is scheduled to retire as Outside Auditor of Pacific System Co., Ltd. at the conclusion of the Annual General Meeting of Partner Pacific System Co., Ltd. to be held on June 19, 2026.
15. The "Number of Shares of the Company owned by the Candidate" is the number of shares effectively owned, including shares owned thereby in the shareholding associations for Directors and Corporate Auditors of the Group.

**Proposal 2: Election of Four (4) Corporate Auditors**

Corporate Auditors Mr. Yuji Ando, Mr. Kenji Yamada, and Mr. Nobuo Hayashi will retire through resignation at the conclusion of the Meeting.\* Accordingly, the Company requests the appointment of 4 Corporate Auditors, comprising 3 Corporate Auditors as substitutes for these retiring Corporate Auditors and 1 additional Corporate Auditor to enhance and strengthen the audit framework.

The candidates under this proposal have been selected for their extensive knowledge and experience in finance, accounting, and corporate governance, with a focus on strengthening the oversight and audit functions and framework of the Board of Auditors and the individual Corporate Auditors, in light of the recent incidents of inappropriate accounting practices.

The election of Corporate Auditor candidates Mr. Seiji Mori, Mr. Yasuaki Yoshida, and Mr. Atsushi Iwasaki is requested as substitutes for the 3 resigning Corporate Auditors. Based on the Company's Articles of Incorporation, the term of office of a Corporate Auditor appointed as a substitute spans the period until the expiration of the term of office of the resigning Corporate Auditor.

If this proposal is approved, the number of Corporate Auditors will increase from 5 to 6. This proposal has been approved by the Board of Corporate Auditors.

\* The 3 resigning Corporate Auditors will leave office, and the 4 newly appointed Corporate Auditors will take office, at the adjournment of this Meeting (at the conclusion of deliberations on June 29, 2026).


The candidates for Corporate Auditor are as follows:

Candidate Number	Name / Attribute	Gender	Current Positions in the Company, etc.	Attendance at the Board of Directors Meetings	Attendance at the Board of Corporate Auditors Meetings
1	Seiji Mori <u>Newly appointed</u>	Male	Administration Officer	-	-
2	Yasuaki Yoshida <u>Newly appointed</u>	Male		-	-
3	Atsushi Iwasaki <u>Newly appointed</u> <u>Outside Corporate Auditor</u> <u>Independent Officer</u>	Male		-	-
4	Tateshi Higuchi <u>Newly appointed</u> <u>Outside Corporate Auditor</u> <u>Independent Officer</u>	Male		-	-


Newly appointed: Candidate for new Corporate Auditor


Outside Corporate Auditor: Candidate for Outside Corporate Auditor

Independent Officer: Independent Officer registered with the Exchanges

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate	
1	 Seiji Mori (Oct 2, 1969) <u>Newly appointed</u>	Apr. 1993	Joined Daido Hoxan Inc. (currently the Company)	8,670
		Apr. 2017	General Manager of Corporate Administration Department of the Company	
		Apr. 2018	Executive Officer and General Manager of Corporate Administration Department of the Company	
		Apr. 2020	Executive Officer and General Manager of Corporate Planning Department of the Company	
		Oct. 2020	Managing Executive Officer and General Manager of Business Planning Department of Air Water East Japan Inc.	
		Apr. 2023	Managing Executive Officer and Head of Financial Strategy Office of the Company	
		Oct. 2025	Administration Officer and Assistant Head of Internal Auditing Office of the Company	
		Mar. 2026	Administration Officer and General Manager of Consolidated Accounting Office (current position)	
		Attendance at the Board of Directors Meetings: -		
		Attendance at the Board of Corporate Auditors Meetings: -		
		Reasons for nomination as a candidate for Corporate Auditor:		
		<p>Mr. Seiji Mori has performed important roles at the Company in the areas of business administration and finance, including the formulation of management plans, performance management, and the development and execution of financial strategies. From 2017, he led company-wide business administration as General Manager of the Corporate Administration Department through the establishment of a management accounting system, as well as management planning and performance management. In 2020, he was appointed Managing Executive Officer and General Manager of the Business Planning Department at a regional business subsidiary, where he deepened his expertise in Group company management and business planning. From 2023, he oversaw the Group's financial strategy and capital policy, as well as Group company cash management, as Head of the Financial Strategy Office. This practical experience has given him an accurate grasp of the Group's business and financial condition. Based on this experience and insight, we believe he will play a vital role in contributing to the strengthening of the Company's audit framework, and we have determined that he is a suitable candidate for the position of Corporate Auditor.</p>		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
2	 Yasuaki Yoshida (Mar. 4, 1983) <u>Newly appointed</u>	<p>Dec. 2008 Joined Tohmatsu &amp; Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>Nov. 2012 Registered as a Certified Public Accountant</p> <p>Jan. 2014 Joined Kawamoto Corporation</p> <p>Jul. 2015 General Manager of Strategic Planning Headquarters, Kawamoto Corporation</p> <p>Apr. 2018 Executive Officer and General Manager of Marketing Headquarters, Kawamoto Corporation</p> <p>Jan. 2019 Executive Officer and General Manager of Corporate Planning Office, Kawamoto Corporation</p> <p>Nov. 2019 Director of Zhejiang Kawamoto Health Care Products Co., Ltd. (current position)</p> <p>Dec. 2019 Director of Nishiki Co., Ltd.</p> <p>Feb. 2020 Director of Sakaki L&amp;E Wise Co., LTD (current position)</p> <p>Jun. 2020 Director and Executive Officer, responsible for corporate administration, General Manager of Corporate Planning Office, Kawamoto Corporation</p> <p>Jun. 2022 Managing Director and Executive Officer, responsible for corporate planning and administration, General Manager of Corporate Planning Office, and General Manager of Internal Audit Office, Kawamoto Corporation</p> <p>Jan. 2023 Director of Kurosu Industry Co., Ltd. (current position)</p> <p>Jul. 2023 Managing Director and Executive Officer, responsible for corporate planning and administration, General Manager of Corporate Planning Office, General Manager of Administration Headquarters, and General Manager of Internal Audit Office, Kawamoto Corporation</p> <p>Apr. 2026 Managing Director and Executive Officer, responsible for corporate planning and administration, General Manager of Administration Headquarters, General Manager of President's Office, General Manager of Internal Audit Office, and General Manager of Human Resources and General Affairs Department, Kawamoto Corporation (current position)</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Attendance at the Board of Corporate Auditors Meetings: -</p> <p>Reasons for nomination as a candidate for Corporate Auditor:            Mr. Yasuaki Yoshida possesses professional expertise in accounting as a Certified Public Accountant and has the capability to accurately implement accounting audits and business audits. He also has practical experience in corporate management, having served as Managing Director and Executive Officer of Kawamoto Corporation, a listed company that is a subsidiary of the Company, and a Director of its subsidiaries, etc. We believe that the understanding of business execution and management practices that he has cultivated through this experience will greatly contribute to the effective auditing of the execution of duties by the Company's Directors. He is also deeply familiar with internal auditing operations and has contributed to establishing sound management foundations and strengthening governance systems by verifying the status of compliance with laws and regulations and the development and operation of internal controls from an objective perspective, and providing recommendations for their improvement. Based on this expertise and experience, we believe he will play a vital role in contributing to the strengthening of the Company's audit framework from the perspectives of finance, accounting, and internal controls, and we have determined that he is a suitable candidate for the position of Corporate Auditor.</p>	0

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
3	 <p>Atsushi Iwasaki (Jan. 9, 1959) <u>Newly appointed</u></p>	<p style="text-align: center;"><u>Outside Corporate Auditor</u>    <u>Independent officer</u></p> <p>Nov. 1990 Joined Century Auditing Company (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Mar. 1991 Registered as Certified Public Accountant</p> <p>Mar. 1997 Registered as Real Estate Appraiser</p> <p>Sep. 2005 Head of Iwasaki Certified Public Accountant Office (current position)</p> <p>Jun. 2013 Outside Director of Iseki &amp; Co., Ltd. (current position)</p> <p>Jun. 2015 Outside Audit &amp; Supervisory Board Member of NH Food Ltd.</p> <p>Jun. 2016 Outside Audit &amp; Supervisory Board Member, Olympus Corporation</p> <p>Jun. 2024 Outside Audit &amp; Supervisory Board Member of Nippon Kayaku Co., Ltd. (current position)</p> <p>Significant concurrent positions: Head of Iwasaki Certified Public Accountant Office Outside Director of Iseki &amp; Co., Ltd. Outside Audit &amp; Supervisory Board Member of Nippon Kayaku Co., Ltd.</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Attendance at the Board of Corporate Auditors Meetings: -</p> <p>Reasons for nomination as a candidate for Outside Corporate Auditor: Mr. Atsushi Iwasaki possesses expertise as a Certified Public Accountant. In addition to his many years of practical auditing experience at an audit firm, he has served as an outside auditor and outside director of several companies currently listed on the Tokyo Stock Exchange Prime Market, giving him extensive experience and advanced professional knowledge in finance, accounting, and internal controls. Furthermore, he has a proven track record as the head of Iwasaki Certified Public Accountant Office, working with numerous companies from an independent standpoint, and he possesses the ability to conduct comprehensive risk assessments and make objective and impartial audit judgments. Although he has never been directly involved in corporate management, we believe he will leverage his experience and insight to provide appropriate supervision and auditing of the Company's business operations from an independent standpoint, as well as perform a key role in strengthening internal controls and further enhancing corporate governance, and we have determined that he is a suitable candidate for the position of Outside Corporate Auditor.</p>	0

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Areas of Responsibility in the Company	Number of Shares of the Company owned by the Candidate
4	 Tateshi Higuchi (Apr. 11, 1953) <u>Newly appointed</u>	<p style="text-align: center;"><u>Outside Corporate Auditor</u>   <u>Independent officer</u></p> <p>Apr. 1978   Joined National Police Agency</p> <p>Mar. 1999   Chief of Wakayama Prefectural Police</p> <p>Feb. 2003   Director, Investigative Planning Division, Criminal Investigation Bureau of National Police Agency</p> <p>Sep. 2005   Chief of Hokkaido Prefectural Police</p> <p>Aug. 2007   Deputy Director General of Policy Evaluation and Deputy Director General in charge of Prevention of Crime Proceeds (International), Commissioner-General's Secretariat of National Police Agency</p> <p>Aug. 2008   Chief of Personnel Department, Tokyo Metropolitan Police Department</p> <p>Mar. 2009   Deputy Superintendent General of Tokyo Metropolitan Police Department</p> <p>Jan. 2010   Director General of Community Safety Bureau of National Police Agency</p> <p>Aug. 2011   Superintendent General of Tokyo Metropolitan Police Department</p> <p>Apr. 2014   Ambassador Extraordinary and Plenipotentiary to the Republic of the Union of Myanmar</p> <p>Jun. 2018   Member of the Audit and Supervisory Board (Outside) of Daiichi Sankyo Company, Limited</p> <p>Jun. 2019   Outside Director of Miura Co., Ltd.</p> <p>Jun. 2020   External Audit &amp; Supervisory Board Member of Taisei Corporation</p> <p>Nov. 2023   Member of the Advisory Panel of Experts on Ideal Form of Technical Intern Training Program and Specified Skilled Worker System (under the jurisdiction of the Ministry of Justice)</p> <p>Dec. 2024   Chairperson of the National Shoplifting Prevention Organization, a specified nonprofit corporation (current position)</p> <p>Significant concurrent positions:            Chairperson of the National Shoplifting Prevention Organization, a specified nonprofit corporation</p> <p>Attendance at the Board of Directors Meetings: -</p> <p>Attendance at the Board of Corporate Auditors Meetings: -</p> <p>Reasons for nomination as a candidate for Outside Corporate Auditor:            Mr. Takeshi Higuchi has been involved in police administration for many years, holding key positions in government agencies and other organizations. He has played a vital role in ensuring public safety and compliance with laws in Japan, having served as Superintendent General of the Tokyo Metropolitan Police Department and Director General of the Community Safety Bureau of the National Police Agency, among other roles. He possesses advanced expertise and extensive experience in crisis management and compliance. He has also served as an outside auditor and outside director of several companies currently listed on the Prime Market of the Tokyo Stock Exchange. Although he has never been directly involved in corporate management, we believe he will leverage his experience and expertise to provide appropriate supervision and oversight of the Company's business operations from an independent standpoint, as well as perform a key role in strengthening internal controls and further enhancing corporate governance, and we have determined that he is a suitable candidate for the position of Outside Corporate Auditor.</p>	0

Notes:

- There are no conflicts of interest between each candidate and the Company.
- Mr. Yasuaki Yoshida is scheduled to retire as Managing Director and Executive Officer of Kawamoto Corporation, Director of Zhejiang Kawamoto Health Care Products Co., Ltd., Director of Sakaki L&E Wise Co., LTD, and Director of Kurosu Industry Co., Ltd. on June 26, 2026.
- Mr. Atsushi Iwasaki and Mr. Tateshi Higuchi are candidates for Outside Corporate Auditor.
- If the election of each candidate for Corporate Auditor is approved as per this Proposal, the Company plans to enter into liability limitation agreements with each of them to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum amount prescribed in Article 425, Paragraph 1 of the same Act under the condition that they perform their duties in good faith with no acts of gross negligence.
- The Company has entered into a directors and officers (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If the election of each candidate for Corporate Auditor is approved as per this Proposal, each candidate for Corporate Auditor will be insured under the insurance policy. Under this insurance policy, coverage is

provided for litigation costs and damages that the insured parties bear as a result of corporate litigation, third-party litigation, shareholder derivative suits, and similar proceedings. However, as a measure to ensure that the proper execution of duties by officers and other personnel is not compromised, damages resulting from criminal acts, etc., committed by the insured parties are excluded from coverage.

6. Mr. Atsushi Iwasaki and Mr. Tateshi Higuchi satisfy the requirements for independent officers set forth in the regulations of the Tokyo Stock Exchange and Sapporo Securities Exchange and the Criteria for Assessing the Independence of Outside Officers stipulated by the Company. Therefore, if the election of Mr. Atsushi Iwasaki and Mr. Tateshi Higuchi is approved as per this Proposal, the Company plans to file a notification with the Exchanges, designating them as independent officers.
7. Mr. Atsushi Iwasaki has served as an Outside Director of Iseki & Co., Ltd. since June 2013. On May 9, 2025, Iseki & Co., Ltd. received a recommendation from the Japan Fair Trade Commission based on the Subcontract Act (currently the Act on Preventing Delay in Payment to Small and Medium-sized Entrusted Business Operators in Relation to Manufacturing Consignment). Mr. Iwasaki was not aware of the violation in question before its discovery, but he had consistently spoken out at board meetings and other forums regarding the need to strengthen governance structures, including ensuring strict compliance with laws and regulations and enhancing internal control systems. After the facts of the violation came to light, he has fulfilled his duties appropriately by providing necessary advice on identifying the causes and implementing measures to prevent recurrence.

## [Reference] Skill Matrix of Directors and Corporate Auditors

Based on the belief that the diversity of the Directors who make up the Board of Directors determines its effectiveness and has a significant impact on sustainable growth and the enhancement of medium- to long- term corporate value, the Board of Directors deliberated on the balance and diversity of the composition of the Board of Directors, including the knowledge, experience, and abilities of Directors, taking into account the recommendations of the Nomination and Compensation Committee. We have identified the skills required of Directors and Corporate Auditors and published them in a “Skill Matrix”.

These skills comprise seven categories: (1) Corporate management and management strategy, (2) Finance affairs and accounting, (3) Risk management, legal, and compliance, (4) Technology and R&D, (5) Human resources management, (6) ESG (environmental, social, and governance perspectives) and sustainability, and (7) Global.

### Overview of skills required for Directors and Corporate Auditors

(1) Corporate management and management strategy	Experience of corporate management strategy formulation and decision-making
(2) Financial affairs and accounting	Advanced expertise in finance strategy, capital policy, and accounting
(3) Risk management, legal, and compliance	Operational experience relating to risk management, legal affairs, and compliance
(4) Technology and R&D	Experience in the planning, management, and promotion of technology strategy and R&D
(5) Human resources management	Experience and expertise in human capital management, human resources development, organizational development, evaluation, and remuneration management
(6) ESG (environmental, social, and governance perspectives) and sustainability	Experience and expertise concerning all facets of sustainability, including environmental, social, and governance measures
(7) Global	Experience in overseas business and international corporate management

If the Proposal 1 “Election of Eight (8) Directors” and Proposal 2 “Election of Four (4) Corporate Auditors” are approved as proposed, the skill matrix of Directors and Corporate Auditors will be as follows.

	Name / Attribute	Gender	Expertise and Experience (Skill Matrix)							
			Corporate management and management strategy	Finance affairs and accounting	Risk management, legal, and compliance	Technology and R&D	Human resources management	ESG (environmental, social, and governance perspectives) and sustainability	Global	
Directors	Internal	Yoshihiro Senzai	Male	●		●	●	●	●	
		Yu Karato	Male	●	●	●			●	
		Hirokazu Nishimura	Male	●					●	
	Outside	Yuko Haga <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Female	●				●	●	●
		Rochelle Kopp <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Female	●				●	●	●
		Mikihiko Kato <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Male	●	●			●	●	●
Mitsutoshi Matsushita <span style="border: 1px solid black; padding: 0 2px;">Independent</span>		Male			●			●		
	Shinichi Kawasaki <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Male	●			●	●	●		
Corporate Auditors	Internal/Full-time	Junko Shigefuji	Female		●	●				
		Seiji Mori	Male	●	●					
		Yasuaki Yoshida	Male	●	●	●		●	●	
	Outside/Part-time	Atsushi Hayashi <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Male			●		●		
		Atsushi Iwasaki <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Male		●				●	
		Tateshi Higuchi <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Male			●		●		●

## [Reference] Criteria for Independence of Outside Officers

The Company deems an outside director and outside corporate auditor (hereinafter collectively referred to as “outside officer”) or a candidate for outside officer to have sufficient independence against the Company, if none of the following attributes applies to.

- (1) A person who is a business executive\*<sup>1</sup> of the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) or a person who was a business executive of the Group within the last 10 years
- (2) A person who was a non-executive director or corporate auditor of the Group within the last 10 years and also served as an executive of the Group within 10 years prior to his/her appointment as the aforementioned non-executive post
- (3) A person to whom the Group is a major business partner\*<sup>2</sup>, or a business executive of that person
- (4) A person who is a major business partner of the Group\*<sup>3</sup>, or its business executive
- (5) A major shareholder of the Company (a person who directly or indirectly holds 10% or more of the total number of voting rights. The same applies hereinafter.), or its business executive
- (6) A business executive of a person for which the Group is a major shareholder
- (7) A person who belongs to an auditing firm that is the accounting auditor of the Group
- (8) A legal professional, certified public accountant, tax accountant, consultant, etc. who receives a large amount of money\*<sup>4</sup> or any other financial benefits from the Group other than executive remuneration (If the person receiving such financial benefits is an organization, such as corporation or association, a person who belongs to such organization.)
- (9) A person who receives a large amount\*<sup>4</sup> of donation or grant from the Group, or a business executive of that person
- (10) When a business executive of the Group serves as an outside director of another company, the business executive of that company or its parent company or subsidiary
- (11) A person who has fallen under any of the above (3) through (10) in the last three years
- (12) A spouse or a relative within the second degree of kinship of a person who falls under any of the above (1) through (11) and is an important business executive\*<sup>5</sup>

Please note that, even in cases where none of the above attributes apply, an outside officer may not be designated as an independent officer if there is sufficient ground for judging that he/she cannot fulfill his/her responsibilities as an independent officer.

\* 1 A business executive refers to an executive director, operating officer, executive officer, executive member, administration officer, or any other person who executes the business of a person equivalent to these officers and employees.

\* 2 A person to whom the Group is a major business partner refers to a person who has received 2% or more of its annual consolidated net sales from the Group in any of the last three fiscal years.

\* 3 A person who is a major business partner of the Group refers to a person who has paid 2% or more of its annual consolidated net sales to the Group in any of the last three fiscal years, or a person who has provided the Group a loan worth 2% or more of the Company’s consolidated total assets as of the end of the most recent fiscal year.

\* 4 A “large amount” refers to an average amount of at least ¥10 million per year over the last three fiscal years for an individual, or in the case of an organization, such as corporation or association, an amount equivalent to 2% of the consolidated net sales or gross income of that organization or ¥10 million per year, whichever is higher.

\* 5 An “important business executive” refers to a business executive who executes important business such as executive director, operating officer, executive officer, and department head.

Note: “Fiscal year” above shall be read as the year for which income tax is calculated in the case of individuals.