[Translation]

November 5, 2026

MEDIPAL HOLDINGS CORPORATION
Representative: Kuniaki Imagawa, Representative Director, President and CEO
Code number: 7459 (Prime Market, Tokyo Stock Exchange)
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Notice Regarding Holding of an Extraordinary General Meeting of Shareholders and Opinion of the Company's Board of Directors on Shareholder Proposal

As announced in the "Notice Regarding Shareholder's Demand to Convene an Extraordinary General Meeting of Shareholders" dated September 2, 2026, MEDIPAL HOLDINGS CORPORATION (the "Company") received a demand from The Northern Trust Company AVFC Re: Silchester International Investors International Value Equity Trust, a shareholder of the Company (the "Proposing Shareholder"), to convene an Extraordinary General Meeting of Shareholders (the "Shareholder Proposal").

In response to the Shareholder Proposal, as announced in the "Notice Regarding Setting of Record Date for Convocation of an Extraordinary General Meeting of Shareholders" dated October 13, 2026, the Company set October 31, 2026 as the record date for exercising voting rights, in preparation for the possibility that an Extraordinary General Meeting of Shareholders would be held.

On that basis, the Company has been considering whether it is appropriate to hold an Extraordinary General Meeting of Shareholders, while continuing to engage in sincere dialogue with the Proposing Shareholder and taking its requests into account. The Company hereby announces that, at the meeting of the Board of Directors held today, the Board of Directors, including Outside Directors, unanimously made resolutions as set forth below, on the date, time and venue of, and on proposals to be submitted to the Extraordinary General Meeting of Shareholders ("Extraordinary General Meeting"), and on the opinion of the Company's Board of Directors on the shareholder proposals.

In addition, with respect to the Extraordinary General Meeting, the Company received a shareholder proposal from the Proposing Shareholder dated November 2, 2026. As stated below, given that the Extraordinary General Meeting is scheduled to be held on December 15, 2026, the deadline for exercising the right to make such shareholder proposal has passed. However, in light of the circumstances surrounding the dialogue between the Company and the Proposing Shareholder, including the fact that such shareholder proposal seeks to make the same matters as those in the Shareholder Proposal the subject matters of the General Meeting of Shareholders, the Company accepted such shareholder proposal not as a new shareholder proposal, but as a revision to the

Shareholder Proposal. The proposals to be submitted to the Extraordinary General Meeting and other related matters reflect such revision.

1. Date, Time, and Venue of, and Proposals to be Submitted to, the Extraordinary General Meeting

Date and time	:	Tuesday, December 15, 2026, 10:00 a.m.
Venue	:	Iris Room, 3rd floor Tokyo Bay Ariake Washington Hotel 3-7-11 Ariake, Koto-ku, Tokyo
Proposals to be Made:		
Proposal No. 1 (Company proposal and shareholder proposal)	:	Partial Amendments to the Articles of Incorporation
Proposal No. 2 (Shareholder proposal)	:	Dismissal of Director Shuichi Watanabe
Proposal No. 3 (Shareholder proposal)	:	Dividend of Surplus (Special Dividend)
Proposal No. 4 (Shareholder proposal)	:	Buyback of Own Shares

2. Outline of the Proposals Made, Summary of the Reasons for the Proposals, and Opinion of the Company's Board of Directors on the Shareholder Proposals

(1) Proposal No. 1 (Company proposal and shareholder proposal):
Partial Amendments to the Articles of Incorporation

[Outline of the Proposal]
Article 39 of the Company's Articles of Incorporation shall be amended as follows:

(Underlined portions indicate the amendments.)

Current Articles of Incorporation	Proposed Amendment
(Body Determining Dividends of Surplus and Other Matters)	(Body Determining Dividends of Surplus and Other Matters)
Article 39 The determination of the amount of the disposition of surplus of the Company, dividends of surplus, and other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act shall be made by a resolution of the Board of Directors, unless otherwise provided for by laws or regulations.	Article 39 The determination of the amount of the disposition of surplus of the Company, dividends of surplus, and other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act may be made by a resolution of the Board of Directors, unless otherwise provided for by laws or regulations.
2. The matters set forth in the preceding paragraph shall not be determined by a resolution of a General	2. (Deleted)

Meeting of Shareholders, except as provided for by laws or regulations.	

[Summary of the Reasons for the Proposal (Company)]
Until now, in order to implement flexible capital policies, dividends, etc., the Company has had dividends of surplus and other matters determined by a resolution of the Board of Directors rather than by a resolution of a General Meeting of Shareholders. However, in light of the increasing importance of constructive dialogue with shareholders regarding the enhancement of shareholder returns and allocation of funds to growth investment, among others, the Company proposes to amend the Articles of Incorporation so that dividends of surplus and other matters may be determined by a General Meeting of Shareholders in addition to being determined by the Board of Directors, so that shareholders will be ensured an opportunity to express their intentions at a General Meeting of Shareholders.

[Summary of the Reasons for the Proposal (Proposing Shareholder)]
With respect to this proposal, a proposal of the same content has been made by the Proposing Shareholder. The reasons for the proposal by the Proposing Shareholder are as stated in the Attachment "Shareholder Proposal," in which the shareholder proposal is presented as originally written. Please note that, because this proposal constitutes both a company proposal and a shareholder proposal, Proposal No. 2 in the Attachment "Shareholder Proposal" corresponds to this proposal.

(2) Proposal No. 2 (Shareholder Proposal): Dismissal of Director Shuichi Watanabe

[Outline of the Proposal]
Director Shuichi Watanabe shall be dismissed as a Director of the Company.

[Summary of the Reasons for the Proposal (Proposing Shareholder)]
As stated in the Attachment "Shareholder Proposal," in which the shareholder proposal is presented as originally written. Please note that, because Proposal No. 1 at the Extraordinary General Meeting constitutes both a company proposal and a shareholder proposal, Proposal No. 1 in the Attachment "Shareholder Proposal" corresponds to this proposal.

[Opinion of the Company's Board of Directors]
The Company's Board of Directors opposes this proposal.

<Reasons for Opposition>
The Proposing Shareholder argues that Mr. Shuichi Watanabe has held the position of chief executive of the Company's management for many years and is in a position to bear ultimate responsibility for failures in capital allocation (a low ROE, a low shareholder return ratio, and an accumulation of excess capital).

It is true that Mr. Shuichi Watanabe has held the position of chief executive of the Company's management; however, since assuming the position of the Representative Director and President of the Company in April 2012, he has led the management of the Company group

upholding the basic policy, “Change the *Oroshi*” (change the wholesaling), further promoted the innovation of existing businesses and the creation of new businesses, and has steadily achieved results in terms of business performance, dividends, and share price.

Looking at the growth trends in the Company group’s net sales, ordinary profit, net profit, and EPS (earnings per share) for the period from the fiscal year ended March 2013 to the fiscal year ended March 2026, during which he served as the Representative Director and President, it is clear that the Company group has grown in a stable and steady manner under Mr. Shuichi Watanabe’s leadership; in particular, ordinary profit increased 2.4 times and EPS increased 4.2 times, achieving an improvement in profit margins that significantly exceeds the 1.4 times growth in net sales. In addition, during this period, dividends per share increased 3.7 times, and the total shareholder return (TSR) from the end of March 2012, immediately before he assumed the position of Representative Director and President, to the end of September 2026, when he stepped down from that position, comprising share price appreciation and dividends, reached 328% (8.5% per annum),representing the top performance in the industry. The Company believes that this is the result of the Company having steadily implemented growth investment and dividend increases under Mr. Shuichi Watanabe’s initiative.

Under its management philosophy, “contributing to people’s health and the advancement of society through creation of value in distribution,” the Company group pursues business growth and the enhancement of corporate value in the fields of “pharmaceuticals, health, and beauty” and, as a wholesaler responsible for the social infrastructure that supports the distribution of “pharmaceuticals, health, and beauty,” practices “logistics that never stop” even in times of disaster. It fulfills its important mission of continuing to support people’s daily lives in both ordinary times and emergency situations. To that end, continuous investment is indispensable, and in order to further expand its potential, the Company group is actively engaged in new businesses and growth investment; Mr. Shuichi Watanabe has led these efforts as the Representative Director and President.

In addition, with respect to the selection of candidates for Directors of the Company, such candidates are to be determined by the Board of Directors following deliberation and recommendation by the Nomination and Compensation Committee from the perspective of sustainable development of the Medipal group and enhancing medium- to long-term corporate value. Indeed, in October this year, following deliberation and recommendation by the Nomination and Compensation Committee, the Company made a significant change to its management structure, whereby Mr. Shuichi Watanabe stepped down as the President and Mr. Kuniaki Imagawa assumed the position of the President. This change was made based on the conclusion that, after the Company had carefully proceeded with the selection and development of the next President in accordance with its succession plan (successor development plan), preparations had been completed, in formulating the next management vision, for the transition to a new structure that will lead growth in the next era.

The Company aims to further enhance the corporate value and achieve sustainable growth of the Company and the Company group under the new management structure; in order to ensure a smooth transition to the new management structure and to steadily link it to maximizing the corporate value and sustainable growth of the Company group, the Company believes that it is

indispensable for Mr. Shuichi Watanabe to fully support the new President from a broad perspective, leveraging his experience and knowledge to date.

The Proposing Shareholder also argues that Mr. Shuichi Watanabe has already largely lost the confidence of shareholders. However, while the term of office of the Company's Directors is one year, the reappointment of Mr. Shuichi Watanabe has been approved at the Annual General Meeting of Shareholders every year, following rigorous deliberation and recommendation by the Nomination and Compensation Committee.

In addition, the Proposing Shareholder argues that Mr. Shuichi Watanabe, as Chairperson of the Board of Directors, led the Company's response of refusing to submit the sincere shareholder proposal made by the Proposing Shareholder. However, since dividends of surplus, among other matters, are matters to be resolved by the Board of Directors under Article 39, Paragraph 2 of the Company's current Articles of Incorporation, the matters related to the Proposing Shareholder's shareholder proposal did not constitute a matter that would be the subject of a shareholder proposal in light of the Companies Act and the Company's Articles of Incorporation. The Company did not refuse to submit the Proposing Shareholder's shareholder proposal; it merely responded in accordance with the Companies Act of Japan and its Articles of Incorporation.

For the above reasons, **the Company's Board of Directors opposes this proposal.**

This opinion of the Board of Directors is based on discussions by the Nomination and Compensation Committee, which is an advisory body to the Board of Directors.

(3) Proposal No. 3 (Shareholder Proposal): Dividend of Surplus (Special Dividend)

[Outline of the Proposal]
The Company shall pay a special dividend as follows:

(a) Type of dividend property:
Cash

(b) Matters concerning the allotment of dividend property and the total amount thereof:
122 yen per share of common stock of the Company to be allotted to shareholders (excluding the Company) recorded or registered in the final shareholder register as of September 30, 2026 (the record date for the interim dividend set forth in Article 40, Paragraph 2 of the Company's Articles of Incorporation). However, if the Extraordinary General Meeting is held after three months have elapsed from September 30, 2026, the Company shall promptly set a record date after the date of the Extraordinary General Meeting, and the allotment shall be made to shareholders (excluding the Company) recorded or registered in the final shareholder register as of such record date.
The total amount of the special dividend to be paid pursuant to this proposal shall be the amount obtained by multiplying 122 yen by the number of shares in relation to which each such shareholder is entitled to receive the dividend as of that date.

(c) Date on which the dividend of surplus becomes effective:
The date of the Extraordinary General Meeting; however, in the case of the proviso to (b) above, the day following the record date set pursuant to such proviso

(d) Date on which payment of dividend commences:
A date within three weeks from the date under (c) above

* This proposal is subject to the approval of Proposal No. 1.

[Summary of the Reasons for the Proposal (Proposing Shareholder)]
As stated in the Attachment "Shareholder Proposal," in which the shareholder proposal is presented as originally written.

[Opinion of the Company's Board of Directors]
The Company's Board of Directors opposes this proposal.

<Reasons for Opposition>
In this proposal, the Proposing Shareholder argues that the Company should distribute 100% of its net profit until the Company is able to consistently achieve an ROE of at least 10%; in addition, the Proposing Shareholder also requests a special dividend of 122 yen per share (which, combined with the Company's annual ordinary dividend forecast of 88 yen, would amount to almost the entire forecast net profit per share of 210.06 yen for the fiscal year ending March 2027), with September 30 of this year as the record date.

However, from a short-term perspective, allocating all profits solely to returns would deprive the Company of opportunities for growth investment based on its growth strategy and, as a result, may impair the medium- to long-term enhancement of the corporate value and the room for future dividend increases through profit growth.

In addition, if dividends are to be paid at the level of 100% of net profit, the risk of dividend reductions due to temporary fluctuations in profits of a single fiscal year would increase, which could cause share price instability; accordingly, from this perspective as well, the Company believes that this may impair the common interests of shareholders.

In this regard, in the course of the Company's meetings with institutional investors following the receipt of the Shareholder Proposal, the Company has received opinions that the distribution of 100% of net profit is not desirable.

The Company positions the medium- to long-term enhancement of its corporate value as its most important management issue and believes that achieving both medium- to long-term growth investment and stable and continuous shareholder returns to shareholders will best contribute to maximizing the Company's corporate value and the common interests of shareholders.

Under the Company's medium-term management plan, "2027 Medipal Medium-Term Vision 'Change the *Oroshi* Forever – Constant Innovation –'" ("Medium-Term Vision"), the Company has set stable dividends with a total payout ratio of 40% as the target and has endeavored to enhance shareholder returns. In accordance with this policy, in July of this year,

the Company announced that it would allocate almost the entire amount of increase in net profit (4 billion yen) resulting from making PALTAC CORPORATION ("PALTAC") a wholly-owned subsidiary to a dividend increase and, as stated in the "Notice Regarding Decision on Matters Concerning Acquisition of Treasury Stock and Cancellation of Treasury Stock" announced on October 23 of this year, it resolved at the meeting of the Board of Directors held on the same date to conduct an acquisition of treasury stock on a scale equivalent to the increase in net profit (10 billion yen) resulting from the upward revision of full-year consolidated financial forecasts. Through these initiatives, the total payout ratio throughout the period of the Medium-Term Vision is expected to exceed the target of 40%, and the dividend per share is also expected to double when comparing the actual dividend for the fiscal year ended March 2022 with the forecast dividend for the fiscal year ending March 2027.

Furthermore, the Company is currently proceeding with the formulation of a new management vision to follow the Medium-Term Vision ("Next-term Management Vision"), and plans to announce the Company group's new growth strategy, incorporating synergies and other matters generated by making PALTAC a wholly-owned subsidiary, at the time of the announcement of the full-year financial results in May 2027. In addition, with respect to the shareholder return policy, which currently sets a total payout ratio of 40% or more, the Company has commenced specific consideration toward raising the target level of shareholder returns, in light of the transformation of its financial structure resulting from making PALTAC a wholly-owned subsidiary and its solid cash flow generation capacity.

In addition, as stated in the "Initiatives for Medium- to Long-Term Enhancement of Corporate Value" announced today, the Company resolved, at the meeting of the Board of Directors held today, to update the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" announced in May 2025. Therein, the Company resolved to revise its recognition of the cost of capital from the previous "high 4% to mid-5% range" to "6% to 7%," and also resolved to adopt a policy toward the continuous creation of returns that stably exceed such cost of capital (equity spread).

Based on the "Notice Regarding Revision of Full-Year Consolidated Financial Forecasts" announced on October 23 of this year, the Company's ROE for the fiscal year ending March 2027 is expected to exceed 8%. Although the Company intends to aim for a level at which the ROE stably exceeds the cost of capital even after the revision of its cost of capital recognition, the Company believes that the creation of such an equity spread should be achieved not solely by reducing equity through shareholder returns, but by sustainably expanding profits through growth investment.

For the above reasons, **the Company's Board of Directors opposes this proposal.**

(4) Proposal No. 4 (Shareholder Proposal): Buyback of Own Shares

[Outline of the Proposal]
Pursuant to Article 156, Paragraph 1 of the Companies Act, the Company shall acquire shares of common stock of the Company in exchange for the delivery of cash, within one year from the conclusion of the Extraordinary General Meeting, up to a maximum total number of shares

of 33.8 million shares and a maximum total acquisition price of 85 billion yen (however, if the total acquisition price permitted under the Companies Act (the "distributable amount" provided for in Article 461 of the Companies Act) is less than such amount, the maximum shall be the total acquisition price permitted under the Companies Act).

* This proposal is subject to the approval of Proposal No. 1.
* Proposal No. 4 in the Attachment "Shareholder Proposal" states that "The Company shall cancel all of its treasury stock, including those acquired pursuant to this proposal." However, as the cancellation of treasury stock is a matter to be resolved by the Board of Directors (Article 178 of the Companies Act) and is not a matter to be submitted to a General Meeting of Shareholders, it will not be considered at the Extraordinary General Meeting. However, if this proposal is approved, the Company's Board of Directors intends to adopt a resolution to cancel the treasury stock in accordance with the intent of the Shareholder Proposal.

[Summary of the Reasons for the Proposal (Proposing Shareholder)]
As stated in the Attachment "Shareholder Proposal," in which the shareholder proposal is presented as originally written.

[Opinion of the Company's Board of Directors]
The Company's Board of Directors opposes this proposal.

<Reasons for Opposition>
As stated in the reasons for opposition to Proposal No. 3, (i) under the Medium-Term Vision, the Company has set stable dividends with a total payout ratio of 40% as the target and has endeavored to enhance shareholder returns; (ii) the Company is currently proceeding with the formulation of the Next-term Management Vision, and plans to announce the Company group's new growth strategy, incorporating synergies and other matters generated by making PALTAC a wholly-owned subsidiary, at the time of the announcement of the full-year financial results in May 2027 and, with respect to the shareholder return policy, which currently sets a total payout ratio of 40% or more, the Company has commenced specific consideration toward raising the target level of shareholder returns; and (iii) the Company resolved to revise its recognition of the cost of capital and also resolved to adopt a policy toward the continuous creation of returns that stably exceed such cost of capital (equity spread), the Company's ROE for the fiscal year ending March 2027 is expected to exceed 8%, and further, the Company intends to aim for a level at which the ROE stably exceeds the cost of capital even after the revision of its cost of capital recognition.

In this proposal, the Proposing Shareholder requests an acquisition of treasury stock of 85 billion yen, arguing that excess capital resulting from retention of past profits should be redistributed to shareholders through an acquisition of treasury stock aimed at the Company consistently achieving an ROE of at least 10%.

The Company believes that this proposal does not contribute to the enhancement of the Company's corporate value and the common interests of shareholders for the following reasons:

First, the Company group holds the top position in the prescription pharmaceutical wholesale market, and given the characteristics of its business, which is to conduct the wholesale business of prescription pharmaceuticals and to support the medical care and lives of people, it is extremely important to ensure a high level of financial soundness in order to maintain a stable supply of pharmaceuticals not only in normal times but also in the event of emergencies such as large-scale disasters. In addition, PALTAC, which the Company has recently made a wholly-owned subsidiary, conducts the wholesale business of daily necessities and OTC pharmaceuticals, has transactions with almost all major retailers throughout Japan, and holds the top position in the cosmetics, daily necessities, and OTC pharmaceutical wholesale market; the Company recognizes that, by making PALTAC a wholly-owned subsidiary, the Company's mission as social infrastructure supporting people's medical care and lives has further increased. In light of such social mission of the Company group, the Company believes that it is indispensable to maintain a solid financial base to continue the stable supply of pharmaceuticals, among other things, regardless of whether in normal times or in the event of an emergency.

The acquisition of treasury stock of 85 billion yen requested by the Proposing Shareholder would allocate approximately 15.4% of the Company's shareholders' equity (as of the end of September 2026) to a single shareholder return, which would significantly impair the Company's financial soundness and could affect the entire supply chain; therefore, the Company has determined that it may damage its corporate value. In particular, in light of the changes in the Company's financial condition resulting from making PALTAC a wholly-owned subsidiary, the Company believes that such a large-scale acquisition of treasury stock would have an even greater impact on the Company's financial soundness. Moreover, as a company responsible for social infrastructure, the Company cannot allow a situation in which the supply chain for pharmaceuticals and other goods is disrupted or take any option that may lead to such a situation.

In addition, an acquisition of treasury stock on the scale of 85 billion yen will be equivalent to approximately 12.1%* of the total number of issued shares of the Company (excluding treasury stock), and may reduce the liquidity of the Company's shares in the market through a significant decrease in the number of tradable shares. A reduction in share liquidity may impair investors' opportunities for smooth trading and fair share price formation, and ultimately lead to damage to the common interests of shareholders.

* The expected total number of shares to be acquired, calculated based on the most recent share price closing price on October 30, 2026: 3,441 yen, exceeds approximately 24 million shares, which is equivalent to approximately 12.1 of the number of issued shares of the Company excluding treasury stock (204,698,231 shares, as of the end of September 2026).

If Proposal No. 1 (Partial Amendment to the Articles of Incorporation) is approved, both Proposal No. 3 and this proposal will be legally binding resolutions; if both proposals are approved, approximately 109.9 billion yen in funds, which is the total of the funds for the special dividend (approximately 24.9 billion yen in total) and for the acquisition of treasury

stock (85.0 billion yen), would flow out of the Company within a short period of time, and the impact on the Company's financial base would be even greater.

The Company will continue to pursue the optimal balance between growth investment and shareholder returns in light of the business environment and its financial condition and will continue to have constructive dialogue with shareholders.

For the above reasons, **the Company's Board of Directors opposes this proposal.**

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The English version of this document is a translation of the Japanese original and is provided for informational purposes only. While reasonable efforts have been made to provide an accurate translation, no liability is assumed by MEDIPAL HOLDINGS CORPORATION for any errors, omissions, or ambiguities in the translation. If there are any inconsistencies or conflicts between the English version and the Japanese original, the Japanese original shall prevail.

<Attachment>

(English translation for reference purposes only. The Japanese original shall prevail.)

2 November 2026

Shareholder Proposal

The Northern Trust Company AVFC Re: Silchester International Investors International Value Equity Trust (the "Proposing Shareholder") has, by its Demand for Convocation of a General Meeting of Shareholders dated 2 September 2026 (the "Convocation Demand"), demanded that Medipal Holdings Corporation (the "Company") convene an extraordinary general meeting of shareholders (the "EGM") pursuant to Article 297, Paragraph 1 of the Companies Act. In its "Notice Regarding Setting of Record Date for Convocation of an Extraordinary General Meeting of Shareholders" dated 13 October 2026, the Company announced that it had set 31 October 2026 as the record date in preparation for the possibility that the EGM is held.

In preparation for the Company convening the EGM for the purpose of the matters set out in Section 1 below, with that date as the record date, the Proposing Shareholder, as a shareholder that has held not less than one-hundredth (1/100) of the voting rights of all shareholders of the Company continuously for the preceding six months, hereby requests, pursuant to Article 305, Paragraph 1 of the Companies Act and Article 93 of the Ordinance for Enforcement of the Companies Act, that the summary of each proposal and the reasons for the proposals set out in Section 2 below be notified to shareholders, and asks that these be as set out in this document.

1. Matters Concerning the Purpose of the Meeting

Proposal No. 1: Dismissal of Director Shuichi Watanabe

Proposal No. 2: Partial Amendment to the Articles of Incorporation

Proposal No. 3: Dividend of Surplus (Special Dividend)

Proposal No. 4: Buyback of Own Shares

2. Summary of the Proposals and Reasons for the Proposals

(1) Proposal No. 1: Dismissal of Director Shuichi Watanabe

[Summary of the Proposal]

Director Shuichi Watanabe shall be dismissed from office as a director of the Company.

[Reasons for the Proposal]

According to its most recent annual securities report, the Company retains excess capital of more than JPY 500 billion in the form of net cash and investment securities, equivalent to more than 80% of shareholder funds, as of 31 March 2026. The Company's return on equity ("ROE") over the past ten years has remained weak at below approximately 7%, and no material improvement is expected under the Company's latest forecasts. The Company's payout ratio has historically been below 40%.

The Company's tender offer for the shares of PALTAC Corporation closed on 7 July 2026, and on 13 August 2026 the Company completed the conversion of PALTAC into a wholly-owned subsidiary through squeeze-out procedures. As the Company itself has announced, the full consolidation is expected to raise the Company's earnings (announcement of 14 July 2026 revising

the full-year consolidated earnings forecast: net income attributable to owners of the parent of JPY 43.0 billion; earnings per share of JPY 210.06), and on the same date the Company revised its annual dividend forecast for the fiscal year ending 31 March 2027 upward to JPY 88 per share. Further, in its announcement of 23 October 2026 revising the full-year consolidated earnings forecast, the Company raised its forecast of net income attributable to owners of the parent to JPY 53.0 billion (earnings per share of JPY 258.92), citing the recognition of a gain on sale of investment securities and other factors, and on the same date also announced a buyback of its own shares of up to JPY 10 billion and up to 4,000,000 shares; however, in light of the level of excess capital described above, the Company's shareholder returns remain far from sufficient.

The very responsibility of the board of directors of a listed company is to allocate the capital contributed by shareholders to investment opportunities that can reasonably be expected to generate returns in excess of the cost of capital, and thereby to maximise corporate value. Where no such investment opportunities can be identified, capital should be returned to shareholders through dividends or share buybacks. Passively accumulating funds in the form of net cash and investment securities that generate returns far below the cost of capital itself impairs capital efficiency and destroys corporate value, and is contrary to the responsibilities of a board of directors entrusted with management by shareholders. As reflected in the Tokyo Stock Exchange's request that all listed companies implement "management that is conscious of the cost of capital and stock prices", this is a shared understanding in today's capital markets.

By a shareholder proposal dated 24 April 2026, the Proposing Shareholder requested that three proposals concerning shareholder returns be included as matters for the purpose of the 117th Annual General Meeting of Shareholders. The Company refused to do so, even though it could voluntarily have tabled them. At that meeting, the approval rate for the re-election of President Shuichi Watanabe was only 61.49% (extraordinary report dated 25 June 2026), conspicuously lower than that of the other directors (73%–92%), demonstrating a clear decline in shareholder confidence. The Company's management posture of disregarding shareholder interests and shareholder requests is evident and must be corrected without delay.

Mr. Shuichi Watanabe has for many years held ultimate responsibility for the management of the Company, and bears final responsibility for the failures of capital allocation described above (weak ROE, a low shareholder return ratio and the accumulation of excess capital). These problems are not temporary but persistent and structural. Furthermore, as chairman of the board of directors, he led the Company's decision, described above, to reject the Proposing Shareholder's bona fide shareholder proposals without tabling them. The conspicuously low approval rate for his re-election compared with the other directors, as noted above, also demonstrates that he has already lost the confidence of shareholders to a substantial degree.

For these reasons, the Proposing Shareholder proposes that Mr. Shuichi Watanabe be dismissed as a director. The Proposing Shareholder does not propose the election of a successor; the selection of a successor is left to the judgment of the Company's board of directors.

(2) Proposal No. 2: Partial Amendment to the Articles of Incorporation

[Summary of the Proposal]

Article 39 of the Company's Articles of Incorporation shall be amended as set out below (underlined text indicates the amendment).

Current Articles	Proposed Amendment
(Body Determining Dividends of Surplus, etc.) Article 39. Matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, including the amount of disposition of surplus and dividends of surplus, shall be determined by resolution of the Board of Directors, unless otherwise provided for by laws or regulations. 2. The matters set forth in the preceding paragraph shall not be determined by resolution of a General Meeting of Shareholders, unless otherwise provided for by laws or regulations.	(Body Determining Dividends of Surplus, etc.) Article 39. Matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, including the amount of disposition of surplus and dividends of surplus, <u>may be</u> determined by resolution of the Board of Directors, unless otherwise provided for by laws or regulations. 2. (Deleted)

[Reasons for the Proposal]

This proposal amends the Articles of Incorporation so that dividends of surplus and related matters may be resolved by the general meeting of shareholders as well, while preserving the board of directors' authority to make flexible determinations on such matters. The opportunity to express shareholders' will on dividends of surplus at a general meeting is a fundamental shareholder right, and proxy advisory firms as a matter of policy recommend voting against provisions of the articles of incorporation that exclude the general meeting's authority over dividends of surplus. Article 39, Paragraph 2 of the current Articles of Incorporation was the very provision invoked by the Company as the basis for rejecting the Proposing Shareholder's proposals at the 117th Annual General Meeting without even tabling them, and this amendment is necessary to restore a channel for ascertaining the will of shareholders.

(3) Proposal No. 3: Dividend of Surplus (Special Dividend)

[Summary of the Proposal]

A special dividend shall be paid as follows:

A. Type of dividend property: Cash

B. Allocation of dividend property and the total amount thereof: JPY 122 per share of common stock of the Company, allocated to the shareholders recorded in the final shareholder register as of 30 September 2026 (the record date for interim dividends prescribed in Article 40, Paragraph 2 of the Company's Articles of Incorporation) (excluding the Company); provided, however, that if the EGM is held after the expiry of three months from 30 September 2026, the Company shall promptly set a record date after the date of the EGM, and the dividend shall be allocated to the shareholders recorded in the final shareholder register as of that record date (excluding the Company). The total amount of the special dividend to be paid pursuant to this proposal shall be JPY 122 multiplied by the number of shares entitled to receive dividends as of the applicable record date.

C. Effective date of the dividend of surplus: The date of the EGM; provided, however, that in the case set out in the proviso to B above, the day following the record date set pursuant to that proviso.

D. Commencement date of dividend payments: A date within three weeks from the date referred to in C above.

[Position of this Proposal]

The special dividend under this proposal is an additional dividend, over and above the interim dividend to be resolved by the board of directors as announced by the Company. This proposal is not conditional upon the approval of Proposal No. 2. If Proposal No. 2 is approved as proposed, this proposal will constitute a legally binding resolution on a dividend of surplus under Article 454, Paragraph 1 of the Companies Act. Even if Proposal No. 2 is not approved, the Proposing Shareholder requests that this proposal be tabled at the EGM as a non-binding advisory resolution to ascertain the will of the shareholders, and that the results of the vote be disclosed.

[Reasons for the Proposal]

The Company should distribute 100% of its net income to shareholders until such time as the Company consistently achieves an ROE of at least 10%. Otherwise, the accumulation of excess capital, which has already reached a serious level, will only continue to worsen. A special dividend of JPY 122 per share, together with the forecast annual ordinary dividend of JPY 88 per share, would distribute to shareholders 100% of the forecast earnings per share of JPY 210.06 for the fiscal year ending 31 March 2027 as revised on 14 July 2026. The JPY 10 billion increase in forecast net income attributable to owners of the parent under the revision of 23 October 2026 is attributable to the recognition of a gain on sale of investment securities (extraordinary income) and other items, and will be returned to shareholders through the share buyback of up to JPY 10 billion announced by the Company on the same date; accordingly, together with the special dividend under this proposal, substantially 100% of net income will be distributed to shareholders. The immediate funding needs associated with the acquisition of PALTAC Corporation have run their course with the close of the tender offer, and, as the Company itself acknowledges, the full consolidation is expected to raise the Company's earnings. Nevertheless, even after the upward revision of its earnings forecast on 23 October 2026, the Company has left its annual dividend forecast unchanged, and its forecast payout ratio remains at only approximately 34%.

The payment of the special dividend will not adversely affect the Company or its future business prospects, will not affect the Company's day-to-day business operations, and will not require the Company to take on new debt.

(4) Proposal No. 4: Buyback of Own Shares

[Summary of the Proposal]

Pursuant to Article 156, Paragraph 1 of the Companies Act, within one year from the conclusion of the EGM, the Company shall acquire its common stock by way of cash payment up to a total of 33,800,000 shares (equivalent to 16.51% of the most recently reported shares in issue, less treasury shares), at a total acquisition price of up to JPY 85 billion (or, if the total amount of the acquisition price permitted under the Companies Act (the "Distributable Amount" as defined in Article 461 of the Companies Act) is less than such amount, the maximum amount permitted under the Companies Act). The Company shall also cancel all treasury shares, including those acquired pursuant to this proposal.

[Position of this Proposal]

This proposal is not conditional upon the approval of Proposal No. 2. If Proposal No. 2 is approved as proposed, this proposal will constitute a legally binding resolution under Article 156, Paragraph 1 of the Companies Act. Even if Proposal No. 2 is not approved, the Proposing Shareholder requests

that this proposal be tabled at the EGM as a non-binding advisory resolution to ascertain the will of the shareholders, and that the results of the vote be disclosed.

[Reasons for the Proposal]

As described in (1) above, the Company retains excess capital equivalent to more than 80% of shareholder funds. Excess capital accumulated from historical earnings retention should be returned to shareholders through share buybacks with the objective of consistently achieving an ROE of at least 10%. The Company's cumulative ratio of share repurchases lags significantly behind its domestic peers (e.g., Alfresa Holdings Corporation and Suzuken Co., Ltd.).

While respecting the board of directors' discretion as to the ultimate determination of the size and timing of share buybacks, there is significant value in ascertaining the will of shareholders as to their direction. The share buyback under this proposal will not adversely affect the Company or its future business prospects, will not affect the Company's day-to-day business operations, and will not require the Company to take on new debt.

3. About Silchester

Silchester International Investors LLP ("Silchester") is a UK based asset management firm. Silchester invests client money in publicly traded non-US equity securities using a bottom up, value based, investment approach. Silchester is a 'long-only' investment manager. Silchester does not short securities, utilise derivatives or invest in convertible instruments. Silchester seeks to invest in companies that are trading cheaply relative to their earnings, assets or dividends. Silchester has been invested in Japanese equity securities since 1995.

Silchester is the appointed investment manager for several large commingled funds. The funds managed by Silchester hold, in aggregate, 26,425,900 shares of the Company (12.91% of the Company's issued shares, excluding treasury shares).

One of these is The Silchester International Investors International Value Equity Trust. The Silchester International Investors International Value Equity Trust holds more than 3% of the Company's total voting rights and has done so on a continuous basis for more than six (6) calendar months.

The Northern Trust Company acts as the custodian for this commingled fund. The Northern Trust Company holds the shares for this commingled fund in a nominee account that is called The Northern Trust Company AVFC Re: Silchester International Investors International Value Equity Trust. The Northern Trust Company has provided Silchester with a power of attorney granting Silchester the authority, as investment manager, to make the Convocation Demand and this proposal. The Northern Trust Company is not otherwise involved with this proposal.

Silchester is not an 'activist' investor. Silchester is a fiduciary to its client assets and takes its corporate governance obligations seriously. Silchester will engage with portfolio companies where appropriate.