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Securities Code: 7235

Date of sending by postal mail: June 6, 2025

Start date of measures for electronic provision: June 5, 2025

To our shareholders:

Hironori Kimura, President & CEO

TOKYO RADIATOR MFG. Co., Ltd.

2002-1 Endo, Fujisawa City, Kanagawa Prefecture, Japan

NOTICE OF THE 121ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby notify you of the 121st Ordinary General Meeting of Shareholders of TOKYO RADIATOR MFG. Co., Ltd. (the “Company”), which will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites.

Note that, for this General Meeting of Shareholders, paper-based documents stating matters for which measures for providing information in electronic format are to be taken, excluding the above matters, will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents. Please refer to [Matters concerning measures for electronic provision] as provided below for more information.

The Company’s website:

https://www.tokyo-radiator.co.jp/investor/financial_results/ (in Japanese)

(From the above website, select the section on notices of the Ordinary General Meeting of Shareholders from within “Financial Information.”)

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/7235/teiji/> (in Japanese)

TSE website (Listed Company Search):

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

(Access the TSE website by using the internet address shown above, enter “TOKYO RADIATOR MFG.” in “Issue name (company name)” or the Company’s securities code “7235” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you will refrain from attending in person, you may exercise your voting rights via the internet or in writing (postal mail). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Wednesday, June 25, 2025.

Exercise of voting rights via the internet

Please access the website designated by the Company for exercising voting rights (<https://evote.tr.mufg.jp/>) (in Japanese), enter the “voting code” and “password” provided on the voting form sent out with this notice, and follow the instructions on the screen to indicate your approval or disapproval of the proposals no later the above voting deadline.

When exercising voting rights via the internet, please refer to “Information on Exercising Voting Rights via the Internet” (in Japanese).

Exercise of voting rights in writing (postal mail)

Please indicate your approval or disapproval of the proposals on the voting form and return it to the Company by postal mail so that it arrives before the deadline.

- 1. Date and Time:** Thursday, June 26, 2025 at 10:00 a.m. (JST)
- 2. Venue:** Company Headquarters, 1F Conference Room
2002-1 Endo, Fujisawa City, Kanagawa Prefecture, Japan

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 121st Term (from April 1, 2024 to March 31, 2025), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 121st Term (from April 1, 2024 to March 31, 2025)

Items to be resolved:

[Company proposals]

- Proposal 1:** Appropriation of surplus
Proposal 2: Election of five (5) Directors
Proposal 3: Election of two (2) Audit & Supervisory Board Members

[Shareholder proposals]

- Proposal 4:** Amendment to Articles of Incorporation concerning the implementation of a total payout ratio of 50%
Proposal 5: Amendment to Articles of Incorporation concerning the response to realize management taking into account the cost of capital and share price

The Board of Directors opposes Proposals 4 to 5.

Details are as stated in the Reference Documents for the General Meeting of Shareholders.

4. Matters Decided for the Meeting (Information on Exercise of Voting Rights)

- (1) In the case where you have exercised your voting rights in writing (postal mail), if approval or disapproval is not indicated on the voting form, it shall be deemed to indicate approval for company proposals and disapproval for shareholders proposal.
- (2) If you exercise your voting right multiple times via the internet, the Company will only deem the substance of your final exercise to be valid.
- (3) If you exercise your voting right in duplicate both by the voting form (post) and via the internet, regardless of when the votes are received, the Company will only deem your exercise via the internet valid.
- (4) If you exercise your voting rights by proxy, you may nominate one (1) shareholder with a voting right as a proxy to attend the meeting. Please note, however, that it is necessary to submit a document evidencing the authority of proxy.

[Regarding attendance in person]

If attending in person, please bring the voting form enclosed with this notice with you and present it at the reception.

[Regarding amendments, etc.]

Should the matters for which measures for providing information in electronic format are to be taken require revisions, the revised versions will be posted before and after revision on the websites listed above.

[Matters concerning measures for electronic provision]

In principle, you are to check matters subject to measures for electronic provision by accessing any of the websites mentioned above, and paper-based documents stating these matters will only be delivered to shareholders who request the delivery of paper-based documents by the record date. However, for this General Meeting of Shareholders, we have delivered paper-based documents stating the matters subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them.

Note that, among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents to be sent out.

- (1) “Systems to Ensure Appropriate Business Operations and the Status of its Implementation” of the Business Report
- (2) Notes to Consolidated Financial Statements
- (3) Notes to Non-Consolidated Financial Statements

Therefore, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements provided in these paper-based documents represent only part of the documents audited by the Accounting Auditor and the Audit & Supervisory Board Members and in the preparation of the accounting audit report and the audit report.

Reference Documents for the General Meeting of Shareholders

Company proposals (from Proposal 1 to Proposal 3)

Proposal 1 to Proposal 3 are proposals made by the Company.

[Company proposal]

Proposal 1: Appropriation of surplus

The decision on returning profits to shareholders is based on a comprehensive consideration of results for the fiscal year under review, the business environment going forward, and business expansion plans, and also takes into account the balance with internal reserves while targeting a payout ratio of at least 30%.

The Company proposes the appropriation of surplus for the 121st Term as follows.

Matters related to year-end dividends

It is proposed that the year-end dividend be as follows:

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
¥32.50 per common share of the Company
Of which, ¥32.50 is common dividend
Total amount of dividends: ¥306,599,865
After adding the interim dividend of ¥13, the annual dividend per share comes to ¥45.50.
- (3) Effective date of distribution of dividends of surplus
June 27, 2025

[Company proposal]**Proposal 2:** Election of five (5) Directors

The terms of office of all five (5) Directors will expire at the conclusion of this meeting.

Accordingly, we request that a total of five (5) Directors be elected, including two (2) Outside Directors.

The candidates for Directors are as follows:

List of candidates for Directors

No.	Name Current position at the Company	Attribute	Expertise possessed by the candidate				
			Corporate management	Finance / Accounting	Develop- ment / Technology / Quality	Sales / Marketing	Global experience
1	Hironori Kimura President & CEO		○	○		○	○
2	Kenji Mimura Director		○			○	○
(New candidate) 3	Masaki Yoshimitsu —		○		○	○	○
4	Fujitoshi Takamura Outside Director	[Outside] [Independent]	○		○	○	○
5	Hitoshi Hori Outside Director	[Outside] [Independent]	○	○	○		○

[Outside]: candidates for Outside Director

[Independent]: candidates for Independent Officer

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hironori Kimura (May 5, 1963)	<p>Apr. 1986 Joined Nihon Radiator Co., Ltd. (currently Marelli Corporation)</p> <p>Apr. 2008 General Manager of Sales Group No. 2 of Calsonic Kansei Corporation (currently Marelli Corporation)</p> <p>Apr. 2010 Director of Calsonic Kansei Corporation (currently Marelli Corporation)</p> <p>Apr. 2012 President of Calsonic Kansei (Thailand) Co., Ltd. (currently Marelli (Thailand) Co., Ltd.)</p> <p>Apr. 2015 Senior Vice President of Calsonic Kansei Corporation</p> <p>Apr. 2019 Executive Vice President of Marelli Corporation (retired as of Oct. 2021)</p> <p>Apr. 2022 Executive Corporate Officer, General Manager of Corporate Planning Office of the Company</p> <p>Apr. 2023 Senior Executive Corporate Officer, General Manager of Purchasing, General Manager of Corporate Planning Office of the Company</p> <p>June 2023 Director, Senior Executive Corporate Officer, General Manager of Purchasing, General Manager of Corporate Planning Office of the Company</p> <p>Apr. 2024 Representative Director, President and CEO, in Charge of Internal Audit Office of the Company (present position)</p> <p>(Significant concurrent positions outside the Company) Vice Chairman of CHONGQING TOKYO RADIATOR CO., LTD. Chairman of WUXI TRS HEAT EXCHANGER CO., LTD. Commissioner of PT.TOKYO RADIATOR SELAMAT SEMPURNA Director of TR Asia Co., LTD.</p>	15,200

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Kenji Mimura (February 12, 1963)	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2008 General Manager, Sales Division No. 1 of the Company</p> <p>Apr. 2015 General Manager, in Charge of Commercial Vehicles, Customer Group of the Company</p> <p>Apr. 2016 General Manager, Sales Administration Division of the Company</p> <p>July 2016 General Manager, Sales Administration Division of the Company (Corporate Fellow of the Company)</p> <p>Apr. 2018 Corporate Officer, Deputy General Manager, Sales Division of the Company</p> <p>June 2019 Corporate Officer, General Manager, Sales Division of the Company</p> <p>June 2021 Director and Executive Corporate Officer of the Company (present position)</p> <p>General Manager, Sales Division of the Company</p> <p>Apr. 2024 General Manager of Purchasing of the Company (present position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Director of Toshin Techno Co., Ltd.</p>	20,500
(New candidate) 3	Masaki Yoshimitsu (March 3, 1967)	<p>Apr. 1991 Joined Isuzu Engineering Co., Ltd.</p> <p>Feb. 2002 Joined Calsonic Corporation (currently Marelli Corporation)</p> <p>Apr. 2014 General Manager, Heat Exchanger System Development and Design Division of Calsonic Corporation</p> <p>Apr. 2017 General Manager, China Engineering Center of Calsonic Corporation</p> <p>Apr. 2018 General Manager, Development Division No. 1 of the Company (Corporate Fellow of the Company)</p> <p>Apr. 2019 Corporate Officer, Deputy General Manager, Development and Technology Division of the Company</p> <p>Apr. 2023 Executive Corporate Officer, General Manager, Development Division, in Charge of NEV Strategy Development Office of the Company (present position)</p> <p>Apr. 2024 General Manager, Sales Division of the Company (present position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Director of PT.TOKYO RADIATOR SELAMAT SEMPURNA</p> <p>Director of TR Asia Co., LTD.</p>	10,000

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Fujitoshi Takamura (December 21, 1954)	Apr. 1977 Joined Komatsu Ltd. Apr. 2004 Head of Construction Equipment Development Center 1, Development Division, Komatsu Ltd. Apr. 2006 Executive Officer of Komatsu Ltd. Apr. 2009 Executive Officer and Vice President of Development Division, Komatsu Ltd. Apr. 2010 Senior Executive Officer and President of Development Division, Komatsu Ltd. June 2011 Director, Senior Executive Officer and President of Development Division, Komatsu Ltd. Apr. 2013 Director, Senior Managing Executive Officer and President of Development Division, Komatsu Ltd. Apr. 2014 Director and CTO of Komatsu Ltd. June 2017 Advisor of Komatsu Ltd. (present position) June 2019 Outside Director of the Company (present position)	0
5	Hitoshi Hori (November 19, 1957)	Apr. 1984 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation) June 2000 Director, Eco- Techno Corporation June 2006 Manager of Planning and Development, Electronic Materials Division and Corporate Planning Division of Tosoh Corporation June 2011 Manager of Planning and Development, Advanced Materials Division and Corporate Production Technology Division of Tosoh Corporation Mar. 2012 President (Representative Director) of Eco-Techno Corporation June 2012 Associate Director of Tosoh Corporation June 2014 Managing Director and Executive Officer of ORGANO CORPORATION June 2016 Managing Director and Executive Officer, President of Corporate Management and Planning of ORGANO CORPORATION June 2019 Managing Director and Executive Officer, President of Performance Products Business of ORGANO CORPORATION Chairman of the Board (Representative Director) of ORGANO FOOD TECH CORPORATION June 2024 Outside Director of the Company (present position)	0

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Fujitoshi Takamura and Hitoshi Hori are candidates for Outside Director.
 3. (1) The reasons for Fujitoshi Takamura's nomination as Outside Director candidate and his expected roles are as follows:
We anticipate that Fujitoshi Takamura will leverage his long years of experience in development and corporate management at a construction equipment manufacturer as well as his deep discernment for the benefit of the Company's own management, while dispensing advice and opinions from an independent perspective to the Company's Board of Directors in order to ensure the reasonableness and legitimacy of its decision making.
 - (2) The reasons for Hitoshi Hori's nomination as Outside Director candidate and his expected roles are as follows:
We anticipate that Hitoshi Hori will leverage his long years of experience in global management and his deep discernment in a variety of areas for the benefit of the Company's own management, while dispensing advice and opinions from an independent perspective to the Company's Board of Directors in order to ensure the reasonableness and legitimacy of its decision making.

4. Fujitoshi Takamura currently serves as Outside Director of the Company, and as of the conclusion of this General Meeting of Shareholders, he will have served as Outside Director for six years.
5. Hitoshi Hori currently serves as Outside Director of the Company, and as of the conclusion of this General Meeting of Shareholders, he will have served as Outside Director for one year.
6. The Company has concluded an agreement with Fujitoshi Takamura and Hitoshi Hori to limit liability for damages as prescribed by Article 423, paragraph 1 of the Companies Act, with the liability in said agreement limited to ¥5 million or the amount prescribed by laws and regulations, whichever is higher. In the event both Fujitoshi Takamura and Hitoshi Hori are reelected, the Company intends to continue the said agreement with them.
7. The Company has registered Fujitoshi Takamura and Hitoshi Hori as Independent Officers as stipulated by the Tokyo Stock Exchange. If they are reelected, the Company intends to continue designating them as Independent Officers.
8. Hironori Kimura has been engaged in the automotive industry for many years, and has experience serving as a representative at corporate entities overseas in addition to management experience at a global company. Since being appointed as Executive Corporate Officer of the Company in 2022, he has led the Product Management Office and the Corporate Planning Office. He has taken the lead as President & CEO since April 1, 2024, and the Company judges him qualified to lead the Group based on his extensive experience.
9. After joining the Company, Kenji Mimura spent many years serving in the Sales Division, and since being appointed as Director of the Company in 2021, he has led sales activities globally. Since 2024, he has served as General Manager of Purchasing. Accordingly, the Company nominates him as a candidate for Director because it judges him qualified based on this extensive experience.
10. Masaki Yoshimitsu is a new candidate for Director. He has many years of experience in development in global companies. Since he took office as Corporate Officer of the Company in 2019, he has taken the lead in developing products such as next-generation vehicles. Since 2024, he has served as General Manager of the Sales Division and conducted cross-sectional activities. Accordingly, the Company nominates him as a candidate for Director because it judges him qualified based on this extensive experience.
11. The Company has entered into a directors and officers liability insurance contract. This contract will cover damages incurred due to a claim for liabilities filed in the course of business execution by the insureds. Each Director whose election is approved shall become one of the insureds under this insurance contract. The contract will be renewed under the same terms and conditions at the next renewal.
For further details of this contract, please refer to “Outline of Directors and Officers Liability Insurance Contract” (in the Japanese original document) of this notice.

[Company proposal]

Proposal 3: Election of two (2) Audit & Supervisory Board Members

At the conclusion of this meeting, the terms of office of Audit & Supervisory Board Members Yosuke Kasue and Akira Tanaka will expire. Accordingly, we request that two (2) Audit & Supervisory Board Members be elected.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

No. Attribute	Name (Date of birth)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Akira Tanaka (October 29, 1954)	<div>Apr. 1973</div> <div>Apr. 2005</div> <div>Nov. 2014</div> <div>June 2017</div> <div>June 2021</div> <div>Joined the Company</div> <div>General Manager of the Accounting Division of the Company</div> <div>Finance Controller of the Company</div> <div>Full-time Audit & Supervisory Board Member of the Company</div> <div>Audit & Supervisory Board Member of the Company (present position)</div>	9,000
(New candidate) 2 [Outside] [Independent]	Aya Ito (October 16, 1976)	<div>Oct. 1999</div> <div>Apr. 2003</div> <div>July 2007</div> <div>Oct. 2015</div> <div>Joined Chuo Audit Corporation (later MISUZU Audit Corporation)</div> <div>Registered as a certified public accountant (Not registered during overseas residence period of Apr. 2013 to Sept. 2015)</div> <div>Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)</div> <div>Established ITO CPA Office</div> <div>Head of ITO CPA Office (present position)</div>	0

[Outside]: candidates for outside Audit & Supervisory Board Member

[Independent]: candidates for Independent Officer

- Notes:
- There is no special interest between the candidates and the Company.
 - The reasons for Akira Tanaka's nomination as Audit & Supervisory Board Member candidate are as follows:
In addition to spending many years engaged in accounting since entering the Company, Akira Tanaka has experience in launching an overseas business company and supporting planning departments, and therefore, we anticipate that he will leverage his wide-ranging insight, considerable knowledge of finance and accounting, and experience as Audit & Supervisory Board Member of the Company and carry out audit functions properly.
 - Aya Ito is a new candidate for outside Audit & Supervisory Board Member. The reasons for Aya Ito's nomination as Outside Audit & Supervisory Board Member candidate are as follows:
Although Aya Ito has no experience in corporate management in industrial corporations, she has long been engaged in auditing a wide variety of companies as a certified public accountant and other relevant activities, and therefore, we anticipate that she will be able to provide us with useful advice and proposals based on such experience and that she will leverage her wide-ranging insight and considerable knowledge of finance and accounting in order to carry out audit functions properly.
 - Aya Ito fulfills the requirements for an Independent Officer as stipulated by the Tokyo Stock Exchange and, if her election is approved, the Company will register her as an Independent Officer.
 - The Company has concluded an agreement with Akira Tanaka to limit liability for damages as prescribed by Article 423, paragraph 1 of the Companies Act, with the liability in said agreement limited to ¥5 million or the amount prescribed by laws and regulations, whichever is higher. If his reelection is approved, the Company intends to continue the said agreement with him. If Aya Ito's election is approved, the Company intends to conclude the same agreement with her.
 - The Company has entered into a directors and officers liability insurance contract. This contract will cover damages incurred due to a claim for liabilities filed in the course of business execution by the insureds. If the election of Akira Tanaka and Aya Ito as Audit & Supervisory Board Member is approved, each of them shall become one of the insureds under this insurance contract. The contract will be renewed under the same terms and conditions at the next renewal.
For further details of this contract, please refer to "Outline of Directors and Officers Liability Insurance Contract" (in the Japanese original document) of this notice.

<Shareholder proposals (from Proposal 4 to Proposal 5)>

Proposals 4 to 5 are proposed by one shareholder. The summary and reason for each proposal, excepting formal corrections, are as stated in the original Japanese notification released by the proposing shareholder.

Opinion of the Board of Directors regarding all shareholder proposals

There are two proposals from the proposing shareholder, and the Company's Board of Directors is opposed to all two proposals.

Regarding the intentions of shareholder proposals, the Company's Board of Directors has largely the same opinion in terms of what we should aim for, namely, strengthening of profit returns and improvement of information disclosure. The Board of Directors also takes seriously the current situation in the Company's share prices, and considers it necessary to raise business performance by ensuring the implementation of the Mid-Term Business Plan "TRS Vision-2025" and to improve information disclosure in order for share prices to rise.

Despite the market fluctuations in March and April 2025, share prices remained on an upward trend in the fiscal year ended March 31, 2024 as a result of various measures and improved performance. However, we recognize that share prices are still at a low level and will continue to make efforts for improving profitability and information disclosure. As for concrete measures and ways of implementation thereof, our importance is placed on taking measures with maneuverability and flexibility by responding to the situation surrounding the Company and adapting ourselves to the industry environment and market needs at any given time, rather than on fixing and standardizing measures and ways of implementation thereof by specifying in the Articles of Incorporation.

These are the Board of Directors' view regarding the shareholder proposals. The opinion of the Board of Directors for each shareholder proposal is provided for each proposal.

[Shareholder proposal]

Proposal 4: Amendment to Articles of Incorporation concerning the implementation of a total payout ratio of 50%

(1) Summary of the proposal

The following article shall be newly established in the Articles of Incorporation. This amendment to the Articles of Incorporation will take effect as of resolution of this Proposal by this Ordinary General Meeting of Shareholders.

Chapter 7 Other

(Total Payout Ratio Target)

Article 41 The Company shall set a goal of purchasing treasury shares and paying dividends of surplus in each fiscal year so that the total payout ratio (the ratio of the sum of the total amount of treasury shares acquired for a certain fiscal year and the amount of dividends of surplus whose record date is a certain day within the fiscal year to the consolidated net income for the fiscal year) will be at least 50% for each fiscal year. However, this shall not apply where there is a clear and reasonable necessity for the total payout ratio to fall below the standard value, and the Company can provide an appropriate explanation to shareholders for such reasonable necessity.

(2) Reason for the proposal

The Company is a global heat exchanger manufacturer. Before the confusion of the pandemic and semiconductor shortage, it was an excellent automotive parts manufacturer that, while there were fluctuations, recorded ordinary income that greatly exceeded ¥1,000 million yen. However, share prices have been depressed, with a price book-value ratio (PBR) of 0.35 (average on the Tokyo Stock Exchange Standard Market as of April 4, 2025 was 0.94). Although share prices are not necessarily linked to profit and financial performance as they can be affected by both the macroscopic environment and stock market trends, the acquisition of treasury shares during times of low share price not only improves profitability, but is a management stance that does not ignore falling valuation in shares fosters a sense of security and improves corporate value.

The Company's revenue has declined the past couple years, with ordinary income, which was ¥1,600 million in the fiscal year ended March 31, 2019, falling to ¥95 million by the fiscal year ended March 31, 2022. However, ordinary income for the fiscal year ended March 31, 2023 was approximately ¥1,500 million, and ordinary income for the fiscal year ended March 31, 2024 is expected to be ¥1,800 million (Company's estimate as of April 4, 2025), with a strong surplus for two years in a row. Behind a PBR that greatly falls below 1x even as earnings appear to recover from a slump is a sense of unease by shareholders concerning a management stance that condones falling valuation in share price by not purchasing treasury shares since February 2023, despite having financial leeway. This proposal is brought forth to request the introduction of total payout ratio including the acquisition of treasury shares at the time of decline in share prices in order to mitigate the concerns above and regain shareholder trust.

Opinion of the Board of Directors: The Board of Directors opposes this Proposal.

Regarding the intention of this proposal, the Company's Board of Directors has largely the same opinion on the strengthening of profit returns to shareholders, but opposes fixing measures and ways for it by specifying in the Articles of Incorporation.

The commercial vehicles and industrial construction machinery industries, flooded with many fluctuation factors, are the main markets for the Group's mainstay products. As the industries are currently in a period of great change and requiring various future investments, we need to have maneuverability and flexibility in our management by adapting ourselves to economic trends, among others. Given this, our basic policy is to continue with stable dividends and maintain a dividend payout ratio of 30% or more under the current environment.

Meanwhile, we are considering announcing our concrete investment strategy, cash allocation, etc. in the next Mid-Term Business Plan, as we have not disclosed them yet.

For the above reason, despite having largely the same opinion on the intention of this proposal in terms of what we should aim for, the Board of Directors opposes this shareholder proposal because it considers maintenance of management flexibility more sensible than fixing measures and ways by specifying in the Articles of Incorporation.

[Shareholder proposal]

Proposal 5: Amendment to Articles of Incorporation concerning “the response to realize management taking into account the cost of capital and share prices”

(1) Summary of the proposal

The following article shall be newly established in the Articles of Incorporation. However, on the assumption that Agenda 1 is approved as proposed, the article number will be Article 42 as below, however if Proposal 1 is not approved it shall be Article 41. This amendment to the Articles of Incorporation will take effect as of resolution of this Proposal by this Ordinary General Meeting of Shareholders.

Chapter 7 Other

(Publication of Briefing Materials on the Response to Realize Management Taking into Account the Cost of Capital and Share Prices)

Article 42 The Company shall quarterly publish materials on “the response to realize management taking into account the cost of capital and share prices” that include the following:

- (1) Analysis of present state of return on equity, the cost of equity, PER, and PBR
- (2) Mid-Term Business Plan for improving sales and the rate of return and its progress
- (3) Basic policy regarding financial strategy focusing on capital efficiency and related initiatives
- (4) Basic policy regarding the improvement of corporate value through dialogue with shareholders and flexible share buybacks, and related initiatives
- (5) Policy regarding shareholder returns

(2) Reason for the proposal

Principle 5-2 of the Corporate Governance Code in Japan states that when establishing and disclosing business strategies and corporate plans, companies should present their basic plan as well as targets for profitability and capital efficiency, and also provide explanations that are clear and logical to shareholders with respect to the allocation of management resources and specific measures that will be taken in order to achieve their plans and targets.

While the automotive parts industry is recovering from the confusion caused by the pandemic and semiconductor shortages, it is facing great changes such as the shift to EVs and the U.S. tariff policy. It is in such times where the management environment is rapidly fluctuating that clarity in business analysis and explanations of management strategy is required.

The Company at last disclosed “the response to realize management taking into account the cost of capital and share prices” on March 18 this year, but it was unsophisticated with no concrete measures. Taking into account shifts in the industrial structure, many automotive parts companies have specified focus areas to compensate for product categories where demand is expected to decline, and published their strategies that include detailed financial forecasts. However, the Company has not disclosed detailed briefing materials for responding to the shift to EVs, regional strategy, financial strategy, etc. Demand decline is expected in some Asian regions, whereas there is a growing move for a reassessment of gasoline engines; the business environment is greatly changing. The Company should formulate and disclose a clear Mid-Term Business Plan, respond with flexibility to changes in the business environment, and execute its management with strong determination.

Especially, the Company had an equity ratio of 67.2% (as of December 31, 2024), which was extremely higher than that of Toyota Motor Corp., or 37.9%, and that of Isuzu Motors Ltd., or 44.2%. The Company is expected to ensure proactive and clear disclosure of financial strategy focusing on capital efficiency.

During a period of great change for the automotive parts industry, it is difficult to say that the Company is providing sufficient information regarding both the present and the future to its shareholders. Insufficient disclosure causes shareholders anxiety. This proposal is brought forth to break through from the current situation that is a factor in stagnating share prices and demand the creation and disclosure of a detailed business plan, as well as careful explanation of its progress.

Opinion of the Board of Directors: The Board of Directors opposes this Proposal.

Regarding the intention of this proposal, the Company’s Board of Directors has largely the same opinion on this proposal, but opposes standardizing measures and ways for it by specifying in the Articles of Incorporation.

The Company recognizes the great importance of further improvement of information disclosure to our various stakeholders, including shareholders.

Despite our efforts so far to enhance information disclosure in various ways, we understand there is still a need for further improvement. In this regard, we will continue our efforts to gain your understanding on the next Mid-Term Business Plan and other management measures.

Meanwhile, we believe that the content of information to be disclosed needs to be responded to and improved in a flexible manner depending on what is required at any given time.

For the above reason, despite having largely the same opinion on the intention of this proposal in terms of what we should aim for, the Board of Directors opposes this shareholder proposal because it considers maintenance of management flexibility more sensible than standardizing measures and ways by specifying in the Articles of Incorporation.