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To our shareholders:

Satoshi Arata, President
ESPEC CORP.
3-5-6 Tenjinbashi, Kita-ku, Osaka

NOTICE OF THE 73TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified of the 73th Ordinary General Meeting of Shareholders of ESPEC CORP. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by mail) or via the Internet, etc. in which case we ask you to please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders.

- 1. Date and Time:** Friday, June 26, 2026 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Yae Room 5th floor, Imperial Hotel, Osaka 1-8-50 Temmabashi, Kita-ku, Osaka
- 3. Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 73th Term (from April 1, 2025 to March 31, 2026), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
2. Non-Consolidated Financial Statements for the 73th Term (from April 1, 2025 to March 31, 2026)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
Proposal 2: Election of seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members)
Proposal 3: Election of three (3) Directors who are Audit & Supervisory Committee Members
Proposal 4: Election of one (1) Substitute Director who is an Audit & Supervisory Committee Member

When convening this general meeting of shareholders, the Company takes 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 posts this information on the Company’s website. Please access the Company’s website by using the Internet address shown below to review the information.

[The Company’s website]

<https://www.espec.co.jp/ir/event/shareholder.html> (in Japanese)

In addition to posting matters subject to measures for electronic provision on the Company’s website, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website by using the Internet address shown below, enter the issue name (company name) or securities code, and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

[TSE website (Listed Company Search)]

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

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1 | Appropriation of surplus

The Company recognizes that the return of profits to shareholders is an important management priority, and that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Accordingly, the Company's basic policy is to determine return of profits to shareholders in consideration of continuity and the consolidated dividend payout ratio. Specifically, we have decided on a consolidated dividend payout ratio of 40% or more and will be purchasing treasury shares in a flexible manner.

During the period of the medium-term management plan “Progressive Plus 2027” (FY 2025 to FY 2027), we will ensure a total return ratio of 50% or more, cumulative over three years, and will not reduce dividends.

Matters related to year-end dividends

(1) Allocation of dividend property and total amount thereof

70 yen per common share of the Company

Total amount of dividends: 1,523,043,060 yen

Further, the Company paid an interim dividend of 45 yen, so the dividend for the entire fiscal year is 115 yen per share.

(2) Effective date of distribution of dividends of surplus

June 29, 2026

Proposal 2

Election of seven (7) Directors (excluding directors who are Audit & Supervisory Committee Members)

As the terms of office of all seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the close of this General Meeting of Shareholders, the Company proposes to appoint seven (7) Directors.

The Audit & Supervisory Committee has no particular matters to comment on with respect to this proposal.

The candidates for Directors are as follows:

No.	Name		Gender	Current Position in the Company	Number of Years in Office as a Director
1	Satoshi Arata	Reelection	Male	President	8 years
2	Kazuhiro Suehisa	Reelection	Male	Managing Director	8 years
3	Junko Nishitani	Reelection	Female	Director and Executive Officer	4 years
4	Hideyuki Oda	Reelection	Male	Director and Executive Officer	1 years
5	Toshihiko Yoshino	Reelection	Male	Director and Executive Officer	1 years
6	Kazuo Hirata	Reelection, Candidate for Outside Director, and Candidate for Independent Officer	Male	Outside Director	4 years
7	Yoshikatsu Minami	New candidate, Candidate for Outside Director, and Candidate for Independent Officer	Male	—	—

- Notes:
1. The tenure as a Director for each candidate is tenure as of the date of this meeting.
 2. There is no special interest between any of the candidates and the Company.
 3. Yoshikatsu Minami is new candidate for Director.
 4. The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3 paragraph 1 of the Companies Act with an insurance company. An overview of the policy details is provided on page 10 of the Business Report. If the proposal is passed and the candidates assume office as Directors, they will be included in the insured persons of the insurance policy. Furthermore, the Company plans to renew the insurance policy with the same details at the next renewal date.
 5. The Company has entered into a limited liability agreement with Kazuo Hirata to ensure that he can fulfill his expected roles, and plans to renew the said agreement provided that this proposal is passed and he assume office as Outside Directors. Further, plans to renew the said agreement provided that this proposal is passed Yoshikatsu Minami assume office as Outside Directors. The summary of the limited liability agreement is as follows:
 - If the said Outside Director incurs liability for damages arising out of failure to perform his duties, his liability shall be limited to the minimum amount provided for in Article 425, paragraph 1 of the Companies Act.
 - The above limitation shall only apply when it is recognized that the Outside Director performed the duties giving rise to such liability in good faith and with no gross negligence.



Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

8 years

Attendance at Board of Directors
meetings during
the current fiscal year

Board of Directors meetings:
13 out of 13

Attendance rate: 100%

Number of Company shares held

34,719 shares

No. 1 Satoshi Arata (October 7, 1966)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1991 Joined the Company
Apr. 2018 Senior Executive Officer
June 2018 Director
Apr. 2019 Chief Officer, Environmental Test Equipment Headquarters
Apr. 2021 Chief Officer, International Business Headquarters
General Manager, Fukuchiyama Plant
Apr. 2022 Representative Director and President
Apr. 2026 President (present position)

(Significant concurrent positions outside the Company)
Director, ESPEC (CHINA) LIMITED

Reasons for nomination as a candidate for Director:

The candidate has primarily committed himself to the development of the Company's operations in the fields of the China business, etc., and had currently promoted growth strategy as the Chief Officer of Environmental Test Equipment Headquarters, the Chief Officer of International Business Headquarters. Since 2022, he has been demonstrating leadership and leading the Group's growth strategy in his role as Representative Director. He also draws on his wealth of experience and achievements to decide on important matters and oversee the execution of business operations on the Board of Directors. For these reasons, he has been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Director.



Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

8 years

Attendance at Board of Directors
meetings during the
current fiscal year

Board of Directors meetings:
13 out of 13

Attendance rate: 100%

Number of Company shares held

15,789 shares

No. 2 Kazuhiro Suehisa (November 26, 1963)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1987 Joined the Company
Apr. 2018 Senior Executive Officer
June 2018 Director (present position)
Apr. 2021 Chief Officer, Business Development Headquarters
Chief Officer, Production Management Headquarters
Apr. 2022 Director and Managing Executive Officer
Technical Supervisor
In charge of Production
Plant Manager, Fukuchiyama
Apr. 2024 In charge of Technology (present position)
Apr. 2026 Managing Director (present position)

(Significant concurrent positions outside the Company)
President, ESPEC THERMAL TECH SYSTEM CORP.
President, COSMOPIA HIGHTECH CORP.

Reasons for nomination as a candidate for Director:

The candidate has primarily committed himself to the development of the Company's operations in the fields of product development and design, etc., and is currently promoting growth strategy as Director in charge of Technology. He also draws on his wealth of experience and achievements as Director in charge of Technology to decide on important matters and oversee the execution of business operations on the Board of Directors. For these reasons, he has been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Director.



Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

4 years

Attendance at Board of Directors
meetings during the
current fiscal year

Board of Directors meetings:
13 out of 13

Attendance rate: 100%

Number of Company shares held

16,302 shares

No. 3 Junko Nishitani (August 10, 1959)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1982 Joined the Company
Apr. 2014 General Manager, Corporate Communication Department
Apr. 2016 General Manager, Espec Vision Support Department
Apr. 2017 Executive Officer (present position)
Apr. 2019 General Manager, Sustainability Management
Apr. 2022 In charge of Sustainability
In charge of IR and PR
Chief Officer of Sustainability Management Headquarters (present position)
June 2022 Director (present position)
Apr. 2024 In charge of Sustainability Management Planning

Reasons for nomination as a candidate for Director:

The candidate has been involved in efforts aimed at penetration of the corporate philosophy and branding for many years, and is currently engaged in stakeholder management as the Chief Officer of the Sustainability Promotion Headquarters. She also draws on her wealth of experience and achievements to decide on important matters and oversee the execution of business operations on the Board of Directors. For these reasons, she has been nominated as a candidate having been deemed fully capable of continuing to fulfill her role as Director.



Number of Years in Office as a Director (At the close of this General Meeting of Shareholders)

1 years

Attendance at Board of Directors meetings during the current fiscal year

Board of Directors meetings: 10 out of 10

Attendance rate: 100%

Number of Company shares held
6,527 shares

No. 4 Hideyuki Oda (October 21, 1974)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1998 Joined the Company
Apr. 2015 General Manager, General Affairs & Human Resources Department
Apr. 2021 Chief Officer of Maintenance and Support Headquarters
Oct. 2023 Director, COSMOPIA HIGHTECH CORP.
Apr. 2025 Executive Officer (present position)
Chief Officer of Corporate Control Headquarters (present position)
Chief Officer of Export Control Headquarters (present position)
June 2025 Director (present position)

Reasons for nomination as a candidate for Director:

The candidate has primarily committed himself to the development of the Company's operations through the Company's general affairs & human resources, the Maintenance and Support field, and the management of domestic subsidiaries, etc., and is currently engaged in stakeholder management as the Chief Officer of Corporate Control Headquarters and the Chief Officer of the Export Control Headquarters. He also draws on his wealth of experience and achievements to decide on important matters and oversee the execution of business operations on the Board of Directors. For these reasons, he has been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Director.



Number of Years in Office as a Director (At the close of this General Meeting of Shareholders)

1 years

Attendance at Board of Directors meetings during the current fiscal year

Board of Directors meetings: 10 out of 10

Attendance rate: 100%

Number of Company shares held
6,696 shares

No. 5 Toshihiko Yoshino (March 4, 1976)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1998 Joined the Company
Apr. 2018 East Japan Sales Department General Manager
July 2021 Director, ESPEC THERMALTECH SYSTEM CORP.
Apr. 2025 Executive Officer (present position)
Chief Officer, Sales Headquarters (present position)
June 2025 Director (present position)
Apr. 2026 Chief Officer of Group Strategy Headquarters (present position)

Representative Director, ESPEC ENGINEERING (THAILAND) CO., LTD.
Director, ESPEC EUROPE GmbH

Reasons for nomination as a candidate for Director:

The candidate has primarily committed himself to the development of the Company's operations in the sales field and the management of domestic subsidiaries, etc., and is currently promoting growth strategy as the Chief Officer of Sales Headquarters and Chief Officer of Group Strategy Headquarters. He also draws on his wealth of experience and achievements to decide on important matters and oversee the execution of business operations on the Board of Directors. For these reasons, he has been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Director.



Number of Years in Office as a Director (At the close of this General Meeting of Shareholders)

4 years

Attendance at Board of Directors meetings during the current fiscal year

Board of Directors meetings: 13 out of 13

Attendance rate: 100%

Number of Company shares held
914 shares

No. 6 Kazuo Hirata (December 4, 1946)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1971 Joined Nippon Telegraph and Telephone Public Corporation (Current NTT, Inc.)
July 1993 Deputy Director, Nippon Telegraph and Telephone Public Corporation.
Apr. 1996 Joined New Japan Radio Co., Ltd (Current Nisshinbo Micro Devices Inc.)
June 2007 President and Representative Director, New Japan Radio Co., Ltd
June 2022 Outside Director, the Company (present position)

Reasons for nomination as a candidate for Director:

In addition to his wealth of insight and experience gained through company management, etc., the candidate is considered to be highly independent and to present no risk of conflict of interest with general shareholders, and has therefore been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Outside Director.

Matters related to independence:

The candidate satisfies the Criteria for the Independence of Outside Officers of the Company established by the Company (listed on pg. 10). The Company has appointed him to the position of Independent Officer, a position required by the Tokyo Stock Exchange, and plans to renew his appointment as an Independent Officer provided that this proposal is passed and he assumes office as an Outside Director.



No. 7

Yoshikatsu Minami (October 31, 1959)

Career Summary, Position and Responsibilities (Significant concurrent positions outside the Company)

Dec. 1983 Joined Yaskawa Electric Manufacturing Co.(Current YASKAWA Electric Corporation)
June 2008 Director, YASKAWA Electric Corporation.
June 2015 Director, Managing Executive Officer, YASKAWA Electric Corporation.

Reasons for nomination as a candidate for Director:

In addition to his wealth of insight and experience gained through company management, etc., the candidate is considered to be highly independent and to present no risk of conflict of interest with general shareholders, and has therefore been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Outside Director.

Matters related to independence:

The candidate satisfies the Criteria for the Independence of Outside Officers of the Company established by the Company (listed on pg. 10). The Company has appointed him to the position of Independent Officer, a position required by the Tokyo Stock Exchange, and plans to renew his appointment as an Independent Officer provided that this proposal is passed and he assumes office as an Outside Director.

Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

—

Attendance at Board of Directors
meetings during the
current fiscal year

—

Number of Company shares held

—

Election of three (3) Directors who are Audit & Supervisory Committee Members

The term of all three (3) current Directors who are Audit & Supervisory Committee Members expires at the close of this General Meeting of Shareholders. As such, the Company proposes to elect three (3) Directors who are Audit & Supervisory Committee Members.

The Company has received the consent of the Audit & Supervisory Committee for the proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name		Gender	Current Position in the Company	Number of Years in Office as a Director
1	Kunikazu Ishii	Reelection	Male	Director (Standing Audit & Supervisory Committee member)	4 years
2	Takahiro Tanaka	Reelection, Candidate for Outside Director, and Candidate for Independent Officer	Male	Outside Director (Audit & Supervisory Committee member)	4 years
3	Yasuko Yoshida	Reelection, Candidate for Outside Director, and Candidate for Independent Officer	Female	Outside Director (Audit & Supervisory Committee member)	4 years

- Notes:
1. The tenure as a Director for each candidate is tenure as of the date of this meeting.
 2. There is no special interest between the candidate and the Company.
 3. The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3 paragraph 1 of the Companies Act with an insurance company. An overview of the policy details is provided on page 10 of the Business Report. If the proposal is passed and the candidates assume office as Directors who are Audit & Supervisory Committee Members, they will be included in the insured persons of the insurance policy. Furthermore, the Company plans to renew the insurance policy with the same details at the next renewal date.
 4. The Company has entered into a limited liability agreement with Takahiro Tanaka and Yasuko Yoshida to ensure that they can fulfill their expected roles, and plans to renew the said agreement provided that this proposal is passed and they assume office as Outside Directors. Further, plans to renew the said agreement provided that this proposal is passed Takahiro Tanaka and Yasuko Yoshida assume office as Outside Directors. The summary of the limited liability agreement is as follows:
 - If the said Outside Director incurs liability for damages arising out of failure to perform his duties, his liability shall be limited to the minimum amount provided for in Article 425, paragraph 1 of the Companies Act.
 - The above limitation shall only apply when it is recognized that the Outside Director performed the duties giving rise to such liability in good faith and with no gross negligence.



Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

4 years

Attendance at Board of Directors
meetings during the
current fiscal year

Board of Directors meetings:
13 out of 13

Attendance rate: 100%

Number of Company shares held

38,525 shares

No. 1 Kunikazu Ishii (May 27, 1958)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 1981 Joined the Company
Apr. 2002 Executive Officer
Apr. 2008 President, ESPEC TECHNO CORP. (Current ESPEC THERMAL TECH SYSTEM CORP.)
June 2009 Director
Apr. 2011 Director, ESPEC NORTH AMERICA, INC.
June 2012 Managing Director
June 2019 The Standing Audit & Supervisory Board Member
June 2022 Director (Standing Audit & Supervisory Committee member) (present position)

Reasons for nomination as a candidate for Director who is Audit & Supervisory Committee Member :
The candidate has been nominated as a candidate having been deemed fully capable of continuing to fulfilling his role as an Audit & Supervisory Board Member because of his wealth of accumulated experience and knowledge gained through his professional experience as a Director of the Company and through the management of Japanese and U.S. subsidiaries.



Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

4 years

Attendance at Board of Directors
meetings during the
current fiscal year

Board of Directors meetings:
13 out of 13

Attendance rate: 100%

Number of Company shares held

1,531 shares

No. 2 Takahiro Tanaka (January 17, 1973)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Apr. 2000 Registered with the Osaka Bar Association
Joined Nakanoshima Chuo Law Office
Jan. 2007 Partner, Nakanoshima Chuo Law Office (present position)
June 2010 Outside Audit & Supervisory Board Member, Shinko Wire Company, Ltd.
Apr. 2014 Visiting Professor, Graduate School of Intellectual Property,
Osaka Institute of Technology (present position)
June 2015 Outside Director, Shinko Wire Company, Ltd
June 2019 Outside Director, FUNAI ELECTRIC CO., LTD.
June 2020 Outside Audit & Supervisory Board Member, the Company
June 2022 Outside Director (Audit & Supervisory Committee member), the Company (present position)
June 2023 Outside Director (Audit & Supervisory Committee member), Nankai Electric Railway Co., Ltd.
(Current NANKAI Co., Ltd.) (present position)

Reasons for nomination as a candidate for Outside Director who is Audit & Supervisory Committee Member :
In addition to his wealth of insight and experience gained as an attorney, the candidate is considered to be highly independent and to present no risk of conflict of interest with general shareholders, and has therefore been nominated as a candidate having been deemed fully capable of continuing to fulfill his role as Outside Director.

Matters related to independence:

The candidate satisfies the Criteria for the Independence of Outside Officers of the Company established by the Company (listed on pg. 10). The Company has appointed him to the position of Independent Officer, a position required by the Tokyo Stock Exchange, and plans to renew his appointment as an Independent Officer provided that this proposal is passed and he assumes office as an Outside Director.



Number of Years in Office
as a Director (At the close of this
General Meeting of Shareholders)

4 years

Attendance at Board of Directors
meetings during the
current fiscal year

Board of Directors meetings:
12 out of 13

Attendance rate: 92%

Number of Company shares held

1,181 shares

No. 3 Yasuko Yoshida (November 26, 1976)

Career Summary, Position and Responsibilities
(Significant concurrent positions outside the Company)

Oct. 2000 Joined Asahi & Co. (now KPMG AZSA LLC)
May 2004 Registered as a certified public accountant
July. 2005 Registered as a certified tax accountant
Launched Yoshida Certified Public Accountant Office (present position)
Feb. 2019 Outside Audit & Supervisory Board Member, OSAKA ORGANIC CHEMICAL INDUSTRY LTD.
May 2021 Registered as U.S. Certified Public Accountant (State of Washington)
June 2021 Outside Audit & Supervisory Board Member, the Company
June 2022 Outside Director (Audit & Supervisory Committee member), the Company (present position)
Feb. 2024 Outside Director (Audit & Supervisory Committee member), OSAKA ORGANIC CHEMICAL INDUSTRY LTD. (present position)

Reasons for nomination as a candidate for Outside Director who is Audit & Supervisory Committee Member :
In addition to her wealth of insight and experience gained as a certified public accountant, the candidate is considered to be highly independent and to present no risk of conflict of interest with general shareholders, and has therefore been nominated as a candidate having been deemed fully capable of continuing to fulfill her role as Outside Director.

Matters related to independence:

The candidate satisfies the Criteria for the Independence of Outside Officers of the Company established by the Company (listed on pg. 10). The Company has appointed her to the position of Independent Officer, a position required by the Tokyo Stock Exchange, and plans to renew her appointment as an Independent Officer provided that this proposal is passed and she assumes office as an Outside Director.

(Reference)

The composition of the Board of Directors and the skill matrix of Directors' experience and expertise if Proposals 2 and 3 are approved and passed are as follows:

Name	Position in the Company after the proposals are approved and passed	Outside	Experience and expertise							
			A	B	C	D	E	F	G	H
Satoshi Arata	Director		●	●		●				
Kazuhiro Suehisa	Director		●			●	●			
Junko Nishitani	Director and Executive Officer				●		●	●		
Hideyuki Oda	Director and Executive Officer		●		●			●	●	●
Toshihiko Yoshino	Director and Executive Officer		●				●	●	●	
Kazuo Hirata	Director	●	●	●		●				
Yoshikatsu Minami	Director	●	●	●		●				
Kunikazu Ishii	Director (Audit & Supervisory Committee member)		●			●				
Takahiro Tanaka	Director (Audit & Supervisory Committee member)	●								●
Yasuko Yoshida	Director (Audit & Supervisory Committee member)	●							●	

Note: The above list does not cover all of the knowledge and experience of the candidates.

- A. Experience and expertise
- B. International experience
- C. ESG
- D. Technology development and manufacturing
- E. Sales and marketing
- F. Human resource labor and development
- G. Finance and accounting
- H. Legal affairs

Election of one (1) Substitute Director who is an Audit & Supervisory Committee Member

The Company proposes to appoint one (1) substitute Director who is an Audit & Supervisory Committee Member, in preparation for the event that the number of Directors who are Audit & Supervisory Committee Members falls short of the number stipulated by laws and regulations.

A resolution on this proposal will be effective until the start of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within two (2) years after the resolution, and the appointments may be revoked by a resolution of the Board of Directors with the consent of the Audit & Supervisory Committee, only prior to the assumption of office.

The Company has received the consent of the Audit & Supervisory Board for the proposal.

The candidates for substitute Directors who are an Audit & Supervisory Committee Member are as follows:



Masahiko Tsutsumi (April 27, 1954)

Career Summary, Position and Responsibilities

(Significant concurrent positions outside the Company)

Apr. 1978	Joined Auditing Firm Chuo Accounting Office
Feb. 1981	Registered as a certified public accountant and tax accountant
Feb. 1994	Launched Tsutsumi Certified Public Accountant and Tax Accountant Office
June 2005	Outside Audit & Supervisory Board Member, TOYO SHUTTER CO., LTD.
June 2014	Outside Audit & Supervisory Board Member, the Company
Aug. 2021	Representative Alpha Tax Accountants' Corporation Launched Tsutsumi Certified Public Accountant
Mar. 2023	Launched Tsutsumi Certified Public Accountant and Tax Accountant Office (present position)

Number of Company shares held

2,300 shares

Reasons for nomination as candidate for Substitute Director who is an Audit & Supervisory Committee member: In addition to his wealth of insight and experience gained as a certified public accountant, the candidate is considered to be highly independent and to present no risk of conflict of interest with general shareholders, and has therefore been nominated as a candidate having been deemed fully capable of continuing to fulfill he assumes office as an Outside Director.

Matters related to independence:

The candidate satisfies the Criteria for the Independence of Outside Officers of the Company established by the Company (listed on pg. 10). The Company plans to appoint him to the position of Independent Officer, a position required by the Tokyo Stock Exchange provided that this proposal is passed and he assumes office as an Outside Director.

- Notes:
- The candidate is no special interest between the candidate and the Company.
 - Masahiko Tsutsumi is a new candidate for Substitute Director who are an Audit & Supervisory Committee Member.
 - The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3 paragraph 1 of the Companies Act with an insurance company. An overview of the policy details is provided on page 10 of the Business Report. If the proposal is passed and the candidates assume office as Substitute Director who are an Audit & Supervisory Committee Member, he will be included in the insured persons of the insurance policy. Furthermore, the Company plans to renew the insurance policy with the same details at the next renewal date.
 - The Company plans to enter into a limited liability agreement with Masahiko Tsutsumi to ensure that they can fulfill their expected role provided that this proposal is passed and he assumes office as an Outside Director. The summary of the limited liability agreement is as follows:
 - If the said Outside Director incurs liability for damages arising out of failure to perform his duties, his liability shall be limited to the minimum amount provided for in Article 425, paragraph 1 of the Companies Act.
 - The above limitation shall only apply when it is recognized that the Outside Director performed the duties giving rise to such liability in good faith and with no gross negligence.

(Reference) • Overview of directors and officers liability insurance policy
The Company has concluded a directors and officers liability insurance policy as provided under Article 430-3 paragraph 1 of the Companies Act with an insurance company. The insureds under the policy are officers of the Company and its subsidiaries. The Directors of the Company bear around 10% of the cost of the premiums (a portion corresponding to the rider providing coverage for shareholder representative lawsuits). In brief, the policy provides coverage by the insurance company for liabilities arising from claims received by the insureds in relation to liabilities they have assumed in the execution of their duties, or the pursuit of such liabilities. The policy is renewed each year.

(Reference) • Criteria for the Independence
The Company shall judge Outside Officers to be independent unless any of the following items apply.

- The party is a business executor of the ESPEC Group*1, or was a business executor of the ESPEC Group during the past 10 years.
- The party is an entity for which the ESPEC Group is a major business partner*2, or a business executor of said entity.
- The party is a major business partner of the ESPEC Group*3, or a business executor of said major business partner.
- The party receives over 10 million yen per year or other financial compensation, excluding remuneration as a director or audit & supervisory board member, from the ESPEC Group as a consultant, accountant, or lawyer (or an employee of a corporation, cooperative and other organization receiving such compensation).
- The party is a person or corporate business executor receiving contributions or subsidies in the amount of over 10 million yen per year from the ESPEC Group during the most recent fiscal year.
- The party is a person who falls under 2 through 5 above during the past 3 years.
- The party is the next of kin*5 of a person who falls under 2 through 6 above (limited to important persons*4)

*1. "A business executor" refers to an executive director, executive officer or equivalent party or employee.
*2. "A major business partner" refers to a business partner providing products or services to the ESPEC Group whose transaction amounts exceeded 2% of yearly consolidated net sales in the most recent business year.
*3. "The party is a major business partner of the ESPEC Group" refers to a business partner refers to a business partner which the ESPEC Group provides products or services to whose transaction amounts exceeded 2% of yearly consolidated net sales in the most recent business year.
*4. "Important persons" refers to officers or employees in upper management with a rank of department head or higher.
*5. "Next of kin" refers to a spouse or relative to the second degree.