

Response to our initial strategic proposals, received March 11, 2025

Dear Mr. César Mourot,

Thank you for your proposal aimed at enhancing our corporate value and governance.

Our company intends to disclose our policies regarding the enhancement of corporate value and governance through disclosures related to the Tokyo Stock Exchange's request for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." We plan to make these disclosures by the announcement of our financial results for fiscal year 2024 (May 2025).

We will take your proposals into consideration for reference.

Below are our current views on each of the proposed items:

[ROE]

Our group recognizes the improvement of the Price-to-Book Ratio (PBR) as one of our key management challenges. We will continue to focus on improving Return on Equity (ROE), which is an important indicator for enhancing PBR.

[Cross-Shareholdings]

Regarding the shares we hold for business purposes, we retain stocks that we believe contribute to our business growth and strengthen our business relationships.

For financial institution stocks, we hold shares that we consider beneficial to our growth by maintaining and strengthening financial transactions.

Every year, our Board of Directors conducts both qualitative and quantitative evaluations of the purpose of holding each stock and the benefits derived from such holdings, based on profitability measures such as capital cost. If the evaluation determines that the rationality of holding a stock cannot be justified, we will proceed with reducing such holdings.

[Cash and Deposits]

We believe that maintaining a certain level of liquidity on hand is necessary for working capital and other operational needs.

[Share Buybacks]

Our fundamental capital policy aims to achieve sustainable corporate value enhancement by strengthening our earnings foundation, making timely investments, and maintaining sufficient shareholder equity to address business risks while ensuring financial soundness.

Based on the policy, we will consider share buybacks as needed, taking into account economic conditions and our financial situation at the time.

[Dividends]

We recognize shareholder returns as an important management issue. While securing the necessary internal reserves to support future growth and adapt to changes in the business environment, we aim to provide stable dividends as a basic policy.

[Management Plan]

The economic outlook remains uncertain due to prolonged geopolitical tensions leading to global instability, persistently high energy costs, the slowdown of China's economy, and severe labor shortages.

Given the rapid changes in the current economic environment, we have adopted an approach of formulating and executing annual business plans on a fiscal year basis to remain adaptable to these changes.

[Disclosure of Real Estate Holdings]

We properly disclose information about our real estate holdings in accordance with Japanese disclosure regulations.

[Corporate Website]

Since the proportion of overseas investors among our shareholders is not high, we have decided not to provide disclosures and information in English at this time, considering the associated costs. However, we will review the approach based on future trends in the ratio of overseas investors.

[Management Incentives]

Currently, executive compensation is determined based on factors such as position and performance, without the implementation of specific incentive structures. However, we will consider the necessity of such incentives and the appropriate Key Performance Indicators (KPIs) in the future.

Finally, if you wish to have IR meetings in a language other than Japanese, we kindly ask that you arrange for an interpreter.

Sincerely yours,

THE KEIHIN CO., LTD.

GENERAL AFFAIRS SEC.