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Securities code: 7976

Date of mailing: March 5, 2025

Date of commencement of electronic provision measures: February 27, 2025

To our shareholders:

Shigehiko Suhara  
Representative Director, President  
**Mitsubishi Pencil Company, Limited**  
5-23-37, Higashi-ohi, Shinagawa-ku, Tokyo

## Notice of the 150th Annual General Meeting of Shareholders

You are hereby notified that the 150th Annual General Meeting of Shareholders of Mitsubishi Pencil Company, Limited (the “Company”) will be held as indicated below.

When convening this general meeting, the Company takes measures to provide electronically the information that is the content of the Reference Documents for General Meeting of Shareholders and other documents (matters for which electronic provision measures are to be taken), and posts this information on the respective websites specified below. Please access one of the websites below to review the information (in Japanese only).

[Company’s Website]

<https://www.mpuni.co.jp/ir/stock/index.html#soukai> (in Japanese only)

[Website on which Informational Materials for General Meeting of Shareholders are Posted]

<https://d.sokai.jp/7976/teiji/> (in Japanese only)

[Tokyo Stock Exchange Website (Listed Company Search)]

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

(Please access the Tokyo Stock Exchange website specified above, enter “Mitsubishi Pencil” in the “Issue name (company name)” field, or “7976” in the “Code” field, to make a search, select “Basic information,” and then “Documents for public inspection/PR information,” and check the information from “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” indicated below the “Field information available for public inspection.”)

If you do not attend the meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:10 p.m. on Wednesday, March 26, 2025 (JST).

**1. Date and Time:** Thursday, March 27, 2025 at 10:00 a.m. (JST) (The venue opens at 9:30 a.m. (JST))

**2. Venue:** Second Floor Seminar Room at the Company’s Head Office  
5-23-37, Higashi-ohi, Shinagawa-ku, Tokyo

### 3. Purpose of the Meeting

#### Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 150th fiscal year (from January 1, 2024 to December 31, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 150th fiscal year (from January 1, 2024 to December 31, 2024)

#### Matters to be resolved:

##### <Company’s Proposals>

- |                       |                                |
|-----------------------|--------------------------------|
| <b>Proposal No. 1</b> | Appropriation of Surplus       |
| <b>Proposal No. 2</b> | Election of Nine (9) Directors |

- Proposal No. 3** Election of Two (2) Audit & Supervisory Board Members
- Proposal No. 4** Election of One (1) Substitute Audit & Supervisory Board Member
- Proposal No. 5** Renewal of Response Policy for Large-Scale Acquisitions of the Shares in the Company (Takeover Response Policy)

**<Shareholder Proposals>**

- Proposal No. 6** Revision of the Amount of Remuneration Under the Restricted Share Remuneration System
- Proposal No. 7** Acquisition of Treasury Stock
- Proposal No. 8** Amendment to the Articles of Incorporation With Respect to Number of External Directors

- As a result of the revisions to the Companies Act, our shareholders are required to access the websites specified on the first page, in principle, to confirm the matters for which electronic provision measures are to be taken, and only the shareholders who have requested the delivery of paper-based documents before the record date will be provided with the paper-based documents containing those matters. However, as for this general meeting, all the shareholders are provided with this paper-based notice of meeting containing those matters, irrespective of whether they have requested the delivery of paper-based documents. Among matters for which electronic provision measures are to be taken, the following matters are not provided in this Notice because the provisions of laws and regulations and the Articles of Incorporation of the Company stipulated that these matters may be omitted even from the paper-based documents to be delivered to our shareholders who have requested the delivery of paper-based documents.
- Following matters among those reported in the business report
  - “Principal Business”
  - “Major Offices and Factories”
  - “Status of Employees”
  - “Status of Principal Lenders”
  - “Status of the Company’s Shares”
  - “Status of the Company’s Share Acquisition Rights”
  - “Matters Regarding Outside Directors”
  - “Status of the Financial Auditor”
  - “Systems to Ensure Appropriateness of Operations and Operational Status of the Systems”
  - “Basic Policy on Control of the Company”
  - “Other Important Matters Regarding the Current Status of the Company”
- “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statement” of the Consolidated Financial Statements
- “Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements
- The Business Report audited by the Audit & Supervisory Board Members in creating their audit report contains the abovementioned matters in the business report. The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Financial Auditor and Audit & Supervisory Board Members in preparing their audit reports include the particulars of the above Consolidated and Non-consolidated Financial Statements.
- If there are any amendments made to this Notice or matters for which electronic provision measures are to be taken or if there are significant changes in the way the General Meeting of Shareholders will be run, the Company will post a notice of the amendments and the details of the matters before and after the amendments on the websites specified on the first page.

The Board of Directors of the Company opposes Proposals No. 6 to No. 8 (the Shareholder Proposals). If you agree with the opinion of the Board of the Directors, please exercise your voting rights AGAINST Proposals No. 6 to No. 8 (the Shareholder Proposals).

## Reference Documents for the General Meeting of Shareholders

### <Company's Proposals>

#### Proposal No. 1 Appropriation of Surplus

The Company has given consideration to the business performance of the fiscal year and future business development, and it proposes to pay year-end dividends for the 150th fiscal year as follows:

#### Year-end dividends

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and the total amount  
25 JPY per common share of the Company  
(ordinary dividend of 24 JPY, special dividend of 1 JPY)  
In this event, the total dividends will be 1,441,702,125 JPY.
- (3) Effective date of dividends of surplus  
March 28, 2025

**Proposal No. 2** Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of nine (9) Directors. The candidates for Directors are as follows:

Candidate No.	Name	Current position and responsibility in the Company	Attribute
1	Eiichiro Suhara	Representative Director, Chairman	Reelection
2	Shigehiko Suhara	Representative Director, President, in charge of New Business Development and Internal Audit	Reelection
3	Kazuhisa Kirita	Director, Senior Managing Executive Officer, Engineering, in charge of Quality Assurance and Sustainability	Reelection
4	Takao Suzuki	Director, Managing Executive Officer in charge of Human Resources, Information System and Legal Affairs	Reelection
5	Nobuo Yamamura	Director, Managing Executive Officer in charge of Domestic Sales and Marketing and Product Development	Reelection
6	Tojiro Aoyama	Outside Director	Reelection Outside Independent Director
7	Asako Saito	Outside Director	Reelection Outside Independent Director Female
8	Tadashi Shimamoto	Outside Director	Reelection Outside Independent Director
9	Yoshihiro Hombo	–	New election Outside Independent Director

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

Independent Director: Independent Director as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
1	Eiichiro Suhara (July 19, 1948) <u>Reelection</u>	Aug. 1974    Joined the Company Mar. 1980    Director Mar. 1982    Managing Director Mar. 1985    Director, Vice President Mar. 1987    Representative Director, President June 2015    Outside Director of Eisai Co., Ltd. Mar. 2019    Representative Director, Chairman and President of the Company Mar. 2020    Representative Director, Chairman (current position) June 2020    Outside Audit & Supervisory Board Member of FUJI KYUKO CO., LTD. (current position) June 2023    External Director of CASIO COMPUTER CO., LTD. (current position) [Important concurrent positions] External Director of CASIO COMPUTER CO., LTD. Outside Audit & Supervisory Board Member of FUJI KYUKO CO., LTD. Advisory Board Member of C. Josef Lamy GmbH	467,407 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>Ever since his appointment as Representative Director, President in 1987, Eiichiro Suhara has exhibited superior leadership and has been leading the Company's business for many years. He has played an important role in achieving sustainable growth and increasing the corporate value of the Group. His abundant experience and wide breadth of knowledge, as well as his perspective that takes a big-picture view of the Group, are essential for us in our aim to further strengthen the supervisory function hereafter. Therefore, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
2	Shigehiko Suhara (February 11, 1979) <u>Reelection</u>	<p>Apr. 2005    Joined the Company</p> <p>Apr. 2010    General Factory Manager of Gunma Factory</p> <p>Apr. 2012    General Manager of Sales Planning Department</p> <p>Mar. 2013    Director in charge of Corporate Planning</p> <p>Nov. 2015    Director in charge of Corporate Planning and General Manager of International Operations Planning Department</p> <p>Mar. 2016    Director in charge of Product Development and New Business Development</p> <p>Mar. 2017    Managing Director in charge of Writing Instrument Business, New Business Development, Product Development and Quality Assurance</p> <p>Mar. 2018    Director, Vice President</p> <p>Mar. 2019    Representative Director, Vice President</p> <p>Mar. 2020    Representative Director, President</p> <p>Mar. 2022    Representative Director, President, in charge of New Business Development and Internal Audit</p> <p>Nov. 2023    Representative Director, President, in charge of New Business Development, Internal Audit, Production and Production Engineering</p> <p>Jan. 2024    Representative Director, President, in charge of New Business Development and Internal Audit (current position)</p> <p>[Important concurrent positions]</p> <p>Representative Director, President of Yamagata Mitsubishi Pencil Precision Co., Ltd.</p> <p>CEO of uni-ball Corporation</p> <p>Advisory Board Member of C. Josef Lamy GmbH</p> <p>Representative Director of Foundation for Human Expression &amp; Creative Empowerment</p>	381,740 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>Shigehiko Suhara has served as General Factory Manager of Gunma Factory and General Manager of Domestic and International Sales Planning, and has been in charge of Corporate Planning, Product Development, and New Business Development. As such, he has a variety of experience and knowledge in domestic and international production and sales, and has exhibited superior management execution capabilities and leadership as Representative Director, President. Based on this, he has played an important role in efforts aimed at further enhancing the flexible management decisions and swift business execution, as well as at achieving business growth and increasing the corporate value of the Company. Therefore, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
3	Kazuhisa Kirita (November 13, 1958) <u>Reelection</u>	Apr. 1981    Joined the Company Apr. 2003    General Manager of Product Development Department Apr. 2007    General Manager of Gunma Research and Development Center Apr. 2011    General Manager of Product Development Department Mar. 2012    Director and General Manager of Product Development Department Mar. 2016    Director in charge of Engineering, Patent Administrations and Cosmetics Mar. 2018    Managing Director in charge of Engineering, Intellectual Property Rights, Cosmetics and New Business Development Mar. 2019    Director, Managing Executive Officer in charge of Engineering, Intellectual Property Rights, Cosmetics and Industrial Materials Mar. 2020    Director, Managing Executive Officer, Engineering, in charge of Quality Assurance Mar. 2021    Director, Managing Executive Officer, Engineering, in charge of Quality Assurance and Environment Mar. 2022    Director, Managing Executive Officer, Engineering, in charge of Quality Assurance and Sustainability Mar. 2024    Director, Senior Managing Executive Officer, Engineering, in charge of Quality Assurance and Sustainability (current position)	16,800 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>Based on his experience in research and development, Kazuhisa Kirita has been involved in Product Development, Cosmetics, New Business Development, and other areas. Furthermore, he has made many achievements and accumulated experience of commercialization based on the combination of technology and business. In addition, as the person in charge of Sustainability, he has been involved in cross-functional activities aimed at building a sustainable business structure. The Company judged that his insight, grounded on such extensive experience, contributes to further development and establishment of sustainable systems in the Company. He also plays an important role in management decision making. Therefore, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
4	Takao Suzuki (December 14, 1962) <u>Reelection</u>	<p>Apr. 1985      Joined the Company</p> <p>Apr. 2009      General Manager of President's Office</p> <p>Aug. 2009      General Manager of Sales Planning Department</p> <p>Apr. 2013      General Manager of Corporate Planning Department</p> <p>Apr. 2017      General Manager of IT Solution Center</p> <p>Apr. 2018      Senior General Manager, General Manager of IT Solution Center</p> <p>Mar. 2019      Executive Officer, General Manager of IT Solution Center</p> <p>Mar. 2020      Senior Executive Officer, General Manager of Corporate Planning Department and in charge of Information System</p> <p>Mar. 2021      Senior Executive Officer in charge of Human Resources and Information System</p> <p>Mar. 2022      Director, Senior Executive Officer in charge of Human Resources and Information System</p> <p>Mar. 2023      Director, Senior Executive Officer in charge of Human Resources, Information System and Legal Affairs</p> <p>Mar. 2024      Director, Managing Executive Officer in charge of Human Resources, Information System and Legal Affairs (current position)</p>	8,300 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>Takao Suzuki has extensive achievements and experience in managerial departments, mainly in corporate planning, information systems, human resources and legal affairs. He can grasp the Company's situation from a diversified perspective by leveraging his insights, and has played an important role in management decision making and the strengthening of business execution supervising functions. Therefore, the Company proposes his reelection as Director.</p>			
5	Nobuo Yamamura (August 24, 1962) <u>Reelection</u>	<p>Apr. 1985      Joined the Company</p> <p>Apr. 2007      General Manager of Product Development Department</p> <p>July 2011      Chairman of Mitsubishi Pencil Vietnam Co., Ltd.</p> <p>July 2013      Managing Director of Mitsubishi Pencil Tokyo Sales Co., Ltd.</p> <p>Apr. 2015      General Manager of Sales Planning Department of the Company</p> <p>Mar. 2017      Director and General Manager of Domestic Sales and Marketing Department</p> <p>Mar. 2019      Senior Executive Officer, General Manager of Domestic Sales and Marketing Department and General Manager of Product Development Department</p> <p>Mar. 2022      Managing Executive Officer in charge of Domestic Sales and Marketing, and General Manager of Product Development Department</p> <p>Mar. 2024      Director, Managing Executive Officer in charge of Domestic Sales and Marketing and Product Development (current position)</p>	17,400 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>Nobuo Yamamura has held important positions in product development, domestic sales, and major domestic and overseas subsidiaries, and has management experience in both the manufacturing and sales. He has contributed to the expansion of the scope of the Group's business by leveraging his cross-cutting knowledge and experience for playing a leading role in management and supervision, and he can be expected to contribute to the sustainable growth of the Group. Therefore, the Company proposes his reelection as Director.</p>			



Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
6	<p style="text-align: center;">Tojiro Aoyama (August 29, 1951)  <span style="border: 1px solid black; padding: 2px;">Reelection</span>  <span style="border: 1px solid black; padding: 2px;">Outside</span>  <span style="border: 1px solid black; padding: 2px;">Independent Director</span></p>	<p>Mar. 1979 Ph.D. in Engineering at Keio University  Apr. 1988 Assistant Professor, Department of Mechanical Engineering, Faculty of Science and Technology, Keio University  Apr. 1995 Professor, Department of Mechanical Engineering, Faculty of Science and Technology, Keio University  Apr. 1996 Professor, Department of System Design Engineering, Faculty of Science and Technology, Keio University  July 2009 Dean of Faculty of Science and Technology and Dean of Graduate School of Science and Technology, Keio University  June 2015 External Director of DMG MORI CO., LTD.  Mar. 2016 President of the Japan Society for Precision Engineering  Mar. 2017 Outside Audit &amp; Supervisory Board Member of the Company  Apr. 2017 Professor Emeritus, Keio University  May 2017 Vice President of Keio University  Mar. 2019 Outside Director of the Company (current position)  Aug. 2021 Chairperson of Keio Engineering Foundation (current position)  Oct. 2023 Outside Audit &amp; Supervisory Board Members of Sato Pharmaceutical Co., Ltd. (current position)</p> <p>[Important concurrent positions]  Outside Audit &amp; Supervisory Board Member of Sato Pharmaceutical Co., Ltd.</p>	-
<p>[Reason for nomination as a candidate for Outside Director and overview of expected role]  In addition to having extensive knowledge and experience in mechanical engineering, production engineering, and other fields, Tojiro Aoyama has served as Vice-President of Keio University, and possesses a wide breadth of knowledge. Based on this experience, he has been able to provide beneficial opinions and advice from a viewpoint that is not confined to the industry to which the Company belongs, which will lead to improved soundness and transparency in management decision making. In addition, he has been responsible for overseeing the processes of selecting candidates for Officers of the Company and determining remuneration for Officers from an objective and neutral standpoint in his capacity as a member of the Nomination and Remuneration Committee. Therefore, the Company proposes his reelection as Outside Director as it expects him to continue to fulfill these roles through the Board of Directors, the Nomination and Remuneration Committee, etc. His term of office as Outside Director of the Company will be six (6) years at the conclusion of this General Meeting of Shareholders. His total term of office, including his time as an Outside Audit &amp; Supervisory Board Member, will be eight (8) years.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
7	<p style="text-align: center;">Asako Saito (January 21, 1968)  <span style="border: 1px solid black; padding: 2px;">Reelection</span>  <span style="border: 1px solid black; padding: 2px;">Outside</span>  <span style="border: 1px solid black; padding: 2px;">Independent Director</span>  <span style="border: 1px solid black; padding: 2px;">Female</span></p>	<p>Apr. 1990    Joined Mercedes-Benz Japan Co., Ltd.  Sept. 1997    Joined Boston Consulting Group Japan Co., Ltd.  Mar. 2000    Joined Louis Vuitton Japan K.K.  June 2002    COO of Celux Co., Ltd.  Oct. 2008    Established Dramatic Co., Ltd.; Representative Director  May 2014    Established ten to four inc.; Representative Director  June 2015    Outside Director of YAOKO Co., Ltd. (current position)  Aug. 2015    Director of Cogito Education and Management Inc.  June 2018    Outside Director of Watabe Wedding Corporation  Mar. 2019    Outside Director of the Company (current position)  May 2020    Outside Director of SANYO SHOKAI LTD.  Nov. 2020    Outside Director of CIRCULATION Co., Ltd. (current position)  Nov. 2020    Established BLOOM Co., Ltd.; Representative Director (current position)  June 2024    Outside Director (Audit and Supervisory Committee Member) of SPARX Group Co., Ltd. (current position)</p> <p>[Important concurrent positions]  Representative Director of BLOOM Co., Ltd.  Outside Director of YAOKO Co., Ltd.  Outside Director (Audit and Supervisory Committee Member) of SPARX Group Co., Ltd.  Outside Director of CIRCULATION Co., Ltd.</p>	-
<p>[Reason for nomination as a candidate for Outside Director and overview of expected role]  In addition to extensive knowledge relating to business management and sustainability management, Asako Saito possesses a wide breadth of knowledge and achievement in marketing and branding. She has made diversified comments in sustainability activities, including enhancement of corporate governance and promotion of diversity from a standpoint which is independent of the Company's management team and has played a key role in the further revitalization of the Company's Board of Directors. In addition, she has been responsible for overseeing the processes of selecting candidates for Officers of the Company and determining remuneration for Officers from an objective and neutral standpoint in her capacity as a member of the Nomination and Remuneration Committee. Therefore, the Company proposes her reelection as Outside Director as it expects her to continue to fulfill these roles through the Board of Directors, the Nomination and Remuneration Committee, etc. Her term of office as Outside Director of the Company will be six (6) years at the conclusion of this General Meeting of Shareholders.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
8	<p>Tadashi Shimamoto (February 8, 1954)</p> <p style="text-align: center;">Reelection Outside Independent Director</p>	<p>Apr. 1976    Joined Nomura Computer Systems Co., Ltd. (currently Nomura Research Institute, Ltd.)</p> <p>Apr. 2002    Senior Managing Director and Division Manager of Advanced Information Technology Division, Nomura Research Institute, Ltd.</p> <p>Apr. 2004    Senior Corporate Managing Director, Division Manager of Advanced Information Technology Division, and Deputy Division Manager of Center for Knowledge Exchange &amp; Creation, Nomura Research Institute, Ltd.</p> <p>June 2008    Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Business Divisions, Nomura Research Institute, Ltd.</p> <p>Apr. 2010    President &amp; CEO, Representative Director, Member of the Board, Nomura Research Institute, Ltd.</p> <p>Apr. 2015    Chairman and President &amp; CEO, Representative Director, Member of the Board, Nomura Research Institute, Ltd.</p> <p>Apr. 2016    Chairman, Member of the Board, Nomura Research Institute, Ltd.</p> <p>June 2019    Member of the Board, Nomura Research Institute, Ltd.</p> <p>June 2021    Special Advisor, Nomura Research Institute, Ltd.</p> <p>June 2021    Director of Reading Skill Test, Inc. (current position)</p> <p>Mar. 2022    Outside Director of the Company (current position)</p> <p>July 2022    Member of Public Interest Body of PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC) (current position)</p> <p>June 2023    Outside Director of Seiko Epson Corporation (current position)</p> <p>[Important concurrent positions] Outside Director of Seiko Epson Corporation Director of Reading Skill Test, Inc. Member of the Public Interest Body, PricewaterhouseCoopers Japan LLC</p>	6,000 shares
<p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Tadashi Shimamoto has been involved in the management of Nomura Research Institute, Ltd. for many years and has extensive experience and achievements in corporate management, as well as broad insight into corporate governance. By leveraging his wealth of experience and knowledge, he has played an important role in improving the soundness and transparency of management decision making at the Company from a standpoint which is independent of the Company's management team. In addition, he has been responsible for overseeing the processes of selecting candidates for Officers of the Company and determining remuneration for Officers from an objective and neutral standpoint in his capacity as a member of the Nomination and Remuneration Committee. Therefore, the Company proposes his reelection as Outside Director as it expects him to continue to fulfill these roles through the Board of Directors, the Nomination and Remuneration Committee, etc. His term of office as Outside Director of the Company will be three (3) years at the conclusion of this General Meeting of Shareholders.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Important concurrent positions)	Number of the Company's shares owned
9	Yoshihiro Hombo (March 19, 1957) <u>New election</u> <u>Outside</u> <u>Independent Director</u>	Apr. 1979      Joined MITSUI & CO., LTD. Apr. 2010      Executive Officer of MITSUI & CO., LTD. Apr. 2012      Executive Managing Officer of MITSUI & CO., LTD. Apr. 2014      Senior Executive Managing Officer of MITSUI & CO., LTD. June 2014      Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD. Apr. 2017      Representative Director, Executive Vice President of MITSUI & CO., LTD. Apr. 2018      Director of MITSUI & CO., LTD. June 2018      Counselor of MITSUI & CO., LTD. Apr. 2019      Executive Vice President, Executive Officer of VALQUA, LTD. June 2019      Representative Director, President and COO of VALQUA, LTD. June 2020      External Director of Tosoh Corporation (current position) June 2024      Director, Vice Chairman of VALQUA, LTD. (current position)  [Important concurrent positions] External Director of Tosoh Corporation Director, Vice Chairman of VALQUA, LTD.	-
[Reason for nomination as a candidate for Outside Director and overview of expected role] Yoshihiro Hombo has been involved in the management of MITSUI & CO., LTD. and VALQUA, LTD. for many years and has extensive experience and knowledge in corporate management. The Company judged that he will provide appropriate supervision of management while demonstrating an important role in improving the soundness and transparency of management decision-making at the Company from a standpoint that is independent of the Company's management team by leveraging this experience and knowledge. Therefore, the Company proposes him as a candidate for Outside Director as it expects him to fulfill such role.			

- Notes:
1. Shigehiko Suhara concurrently serves as Representative Director, President of Yamagata Mitsubishi Pencil Precision Co., Ltd. The Company purchases its specified products from this company and is also leasing real estate to this company.
  2. Shigehiko Suhara concurrently serves as Representative Director, President of Uni Polymer Co., Ltd. The Company purchases its specified products from this company.
  3. Shigehiko Suhara concurrently serves as CEO of uni-ball Corporation. The Company sells its products to this company as a wholesaler.
  4. Shigehiko Suhara concurrently serves as Chairman of MITSUBISHI PENCIL EUROPE SAS. The Company sells its products to this company as a wholesaler.
  5. Shigehiko Suhara concurrently serves as Representative Director of Foundation for Human Expression & Creative Empowerment. The Company has been entrusted with operations to support the business of the Foundation.
  6. There is no special interest between each candidate for Director other than those stated in 1. to 5. and the Company.
  7. Tojiro Aoyama, Asako Saito, Tadashi Shimamoto, and Yoshihiro Hombo are candidates for Outside Directors.
  8. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Tojiro Aoyama, Asako Saito, and Tadashi Shimamoto to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, on the condition that the requirements stipulated by laws and regulations are met. If their reelection is approved, the Company will continue the above-mentioned limited liability agreements with them. The maximum amount of liability for damages under this agreement is 5 million JPY or the minimum liability amount provided for under laws and regulations, whichever is the higher amount. If the election of Yoshihiro Hombo, candidate for new election, is approved, the Company intends to conclude an agreement with him with the similar details.
  9. In accordance with the provision under Paragraph (1), Article 430-2 of the Companies Act, the Company has concluded indemnity agreements with all the Directors and the Audit & Supervisory Board Members by which the Company indemnifies for expenses under Item 1 of the same Paragraph and losses under Item 2 of the same Paragraph within the scope stipulated by laws (however, in order to ensure that the appropriateness of performance of duties by Board Members of the Company is not compromised, they will not be indemnified for costs of defense in excess of the amount normally required or compensation, etc. required to pay in the case of their malicious misconduct or gross negligence in performing their duties). If the reelection of the respective candidates is approved, the Company will continue the

above-mentioned indemnity agreements with them. If the election of Yoshihiro Hombo, candidate for new election, is approved, the Company intends to conclude an agreement with him with the similar details.

10. The Company has concluded a Directors and Officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as a Director, etc. or claims pertaining to the pursuit of such liability. Each of the candidates for reelection is included as an insured person under the said insurance policy as a Director of the Company, and will continue to be included as an insured person if elected as a Director of the Company pursuant to this proposal. If the election of Yoshihiro Hombo, candidate for new election, is approved, he will be included as an insured person. The Company intends to renew the said insurance policy with the similar details during the terms of office of the Directors elected pursuant to this proposal.
11. The Company has designated Tojiro Aoyama, Asako Saito, and Tadashi Shimamoto as Independent Directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange thereof and plans to continue to designate them as Independent Directors. If the election of Yoshihiro Hombo, candidate for new election, is approved, the Company plans to designate him as an Independent Director under the provisions of the Tokyo Stock Exchange and notify the Exchange thereof.
12. Tojiro Aoyama, Asako Saito, Tadashi Shimamoto, and Yoshihiro Hombo who are candidates for Outside Directors, satisfy the “Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members” stipulated by the Company on page 19.
13. In August 2024, it was discovered that executive employees of VALQUA, LTD. had conspired with specific business partners and padded payments to such business partners with part of those funds being embezzled by executive employees from about December 2021, when Yoshihiro Hombo, candidate for new election, was in the position of Director, Vice Chairman of VALQUA, LTD. Yoshihiro Hombo was not aware of such events until they were detected, but he was alert to the importance of compliance with laws and regulations at the regular Board of Directors meetings, etc. The case investigation report from a third-party committee did not recognize his legal liability, either.

**Proposal No. 3** Election of Two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Member Toru Kajikawa will expire at the conclusion of this meeting. Also, Audit & Supervisory Board Member Osamu Ishida will retire as an Audit & Supervisory Board Member at the conclusion of this meeting due to resignation. Therefore, the Company proposes the election of two (2) Audit & Supervisory Board Members. The consent of the Audit & Supervisory Board has been obtained for this proposal. The candidates for Audit & Supervisory Board Members are as follows.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Important concurrent positions)	Number of the Company's shares owned
1	<p style="text-align: center;">Toru Kajikawa (September 24, 1951)</p> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;"> <p style="text-align: center;">Reelection Outside</p> </div> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;"> <p style="text-align: center;">Independent Audit &amp; Supervisory Board Member</p> </div>	<p>Oct. 1976      Joined Chuo Audit Corporation</p> <p>Sept. 1979      Registered as a certified public accountant</p> <p>May 1990        Audit &amp; Supervisory Board Member of Kakiyasu Honten Co., Ltd.</p> <p>Sept. 1990      Representative Partner of Taiyo Audit Corporation (currently Grant Thornton Taiyo LLC)</p> <p>June 1997      Outside Audit &amp; Supervisory Board Member of Kakiyasu Honten Co., Ltd. (current position)</p> <p>July 2000      Managing Partner of Taiyo Audit Corporation (currently Grant Thornton Taiyo LLC)</p> <p>Apr. 2005      Professor of Graduate School of Aoyama Gakuin University</p> <p>Apr. 2010      Visiting Professor of Graduate School of Aoyama Gakuin University</p> <p>June 2014      Outside Audit &amp; Supervisory Board Member of Kikkoman Corporation (current position)</p> <p>July 2014      Chairman and Representative Partner of Grant Thornton Taiyo ASG LLC (currently Grant Thornton Taiyo LLC)</p> <p>Mar. 2017      Outside Audit &amp; Supervisory Board Member of the Company (current position)</p> <p>June 2023      Outside Director (Member of the Audit Committee) of Sampo Holdings, Inc. (current position)</p> <p>July 2023      Chairman of Grant Thornton Taiyo LLC (current position)</p> <p>[Important concurrent positions]</p> <p>Chairman of Grant Thornton Taiyo LLC</p> <p>Outside Director (Member of the Audit Committee) of Sampo Holdings, Inc.</p> <p>Outside Audit &amp; Supervisory Board Member of Kikkoman Corporation</p> <p>Outside Audit &amp; Supervisory Board Member of Kakiyasu Honten Co., Ltd.</p>	-
<p>[Reasons for nomination as candidate for Outside Audit &amp; Supervisory Board Member]</p> <p>Toru Kajikawa has extensive professional knowledge in the finance and accounting fields as a certified public accountant in addition to having a wide breadth of knowledge cultivated through serving in diverse positions. These experience and insight are reflected in audits of the Company, and he provides proactive advice and suggestions for securing legal compliance from a standpoint which is independent of the Company's management team. Therefore, as we have judged that he is qualified to serve as an Outside Audit &amp; Supervisory Board Member of the Company, the Company proposes his reelection as Outside Audit &amp; Supervisory Board Member. His term of office as Outside Audit &amp; Supervisory Board Member of the Company will be eight (8) years at the conclusion of this General Meeting of Shareholders.</p>			

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Important concurrent positions)	Number of the Company's shares owned
2	Yoshiaki Suzuki (January 29, 1966) New election Outside Independent Audit & Supervisory Board Member	<p>Apr. 1988      Joined The Bank of Yokohama, Ltd.</p> <p>Apr. 2016      Executive Officer, General Manager of Yokosuka Branch, and General Manager of Yokosuka Block Sales Division of The Bank of Yokohama, Ltd.</p> <p>Apr. 2018      Executive Officer of Concordia Financial Group, Ltd.</p> <p>Apr. 2018      Executive Officer and Deputy General Manager of Business Division Head Office of The Bank of Yokohama, Ltd.</p> <p>Apr. 2019      Executive Officer and General Manager of Business Division Head Office of The Bank of Yokohama, Ltd.</p> <p>June 2019      Director, Executive Officer and General Manager of Business Division Head Office of The Bank of Yokohama, Ltd.</p> <p>June 2020      Director of Concordia Financial Group, Ltd.</p> <p>Apr. 2021      Director, Managing Executive Officer of The Bank of Yokohama, Ltd.</p> <p>Apr. 2023      Managing Executive Officer of TBK Co., Ltd.</p> <p>June 2023      Director, Managing Executive Officer of TBK Co., Ltd.</p> <p>June 2024      Representative Director and President of YOKOHAMA SHINKO CO., LTD. (current position)</p> <p>[Important concurrent positions] Representative Director and President of YOKOHAMA SHINKO CO., LTD.</p>	-
<p>[Reasons for nomination as candidate for Outside Audit &amp; Supervisory Board Member]</p> <p>Yoshiaki Suzuki has been involved in the management of a financial institution, and in addition to his extensive knowledge and experience relating to business management, he has considerable knowledge of finance and accounting. As the Company judged that his extensive knowledge could be reflected in the Company's auditing system and that he could provide us with proactive advice and suggestions for securing legal compliance from a standpoint which is independent of the Company's management team, it has therefore nominated him as a candidate for Outside Audit &amp; Supervisory Board Member.</p>			

- Notes:
1. There is no special interest between each of the candidates for Audit & Supervisory Board Members and the Company.
  2. Toru Kajikawa and Yoshiaki Suzuki are candidates for Outside Audit & Supervisory Board Members.
  3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into a limited liability agreement with Toru Kajikawa to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, on the condition that the requirements stipulated by laws and regulations are met. If his reelection is approved, the Company will continue the above-mentioned limited liability agreement with him. The maximum amount of liability for damages under this agreement is 1 million JPY or the minimum liability amount provided for under laws and regulations, whichever is the higher amount. If the election of Yoshiaki Suzuki, candidate for new election, is approved, the Company intends to conclude an agreement with him with the similar details.
  4. In accordance with the provision under Paragraph (1), Article 430-2 of the Companies Act, the Company has concluded indemnity agreements with all the Directors and the Audit & Supervisory Board Members by which the Company indemnifies for expenses under Item 1 of the same Paragraph and losses under Item 2 of the same Paragraph within the scope stipulated by laws (however, in order to ensure that the appropriateness of performance of duties by Board Members of the Company is not compromised, they will not be indemnified for costs of defense in excess of the amount normally required or compensation, etc. required to pay in the case of their malicious misconduct or gross negligence in performing their duties). If the reelection of Toru Kajikawa, candidate for reelection, is approved, the Company will continue the above-mentioned indemnity agreement with him. If the election of Yoshiaki Suzuki, candidate for new election, is approved, the Company intends to conclude an agreement with him with the similar details.
  5. The Company has concluded a Directors and Officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as a Director, etc. or claims pertaining to the pursuit of such liability. Toru Kajikawa, candidate for reelection, is included as an insured person under the said

insurance policy as an Audit & Supervisory Board Member of the Company, and will continue to be included as an insured person if elected as an Audit & Supervisory Board Member of the Company pursuant to this proposal. If the election of Yoshiaki Suzuki, candidate for new election, is approved, he will be included as an insured person. The Company intends to renew the said insurance policy with the similar details during the terms of office of the Audit & Supervisory Board Members elected pursuant to this proposal.

6. The Company has designated Toru Kajikawa as an Independent Audit & Supervisory Board Member under the provisions of Tokyo Stock Exchange and has notified the Exchange thereof, and plans to continue to designate him as an Independent Audit & Supervisory Board Member. If the election of Yoshiaki Suzuki, candidate for new election, is approved, the Company plans to designate him as an Independent Audit & Supervisory Board Member under the provisions of the Tokyo Stock Exchange and notify the Exchange thereof.
7. Outside Audit & Supervisory Board Member candidates Toru Kajikawa and Yoshiaki Suzuki satisfy the “Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members” stipulated by the Company on page 19. Yoshiaki Suzuki, candidate for new election, served as a Director of The Bank of Yokohama, Ltd. Although the Company has conducted borrowing transactions with this bank, in light of the same criteria, the bank is not a person “who directly or indirectly hold[s] 10% or more of voting rights at the end of the Company’s most recent fiscal year” and not “a business partner who is indispensable in fund procurement of the Company and whom the Company relies on to the extent that there is no substitution.” Based on these factors, the Company has judged that he possesses independence.
8. Sompo Japan Insurance, Inc., a subsidiary of Sompo Holdings, Inc., for which candidate Toru Kajikawa has served as an Outside Director since June 2023, has been involved in conduct considered to be in violation of the Antimonopoly Act, conduct that is inappropriate in light of the purpose of said Act, as well as an inappropriate response by Sompo Japan Insurance in relation to fraudulent automobile insurance claims by used car dealers. In January 2024, Sompo Holdings received a Business Improvement Order from the Financial Services Agency based on the Insurance Business Act in relation to the management control of Sompo Japan Insurance concerning fraudulent automobile insurance claims by used car dealers. Toru Kajikawa executed his position appropriately, by continuously proposing exemplary initiatives concerning group compliance as appropriate, and proposals for legal compliance and the prevention of recurrence after such event was discovered.



**Proposal No. 4** Election of One (1) Substitute Audit & Supervisory Board Member

The validity of election of Satoshi Sugano, who was elected as a Substitute Audit & Supervisory Board Member at the 149th Annual General Meeting of Shareholders held on March 28, 2024, will expire as of commencement of this meeting. Therefore, the Company requests approval for the election of one (1) Substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations. The consent of the Audit & Supervisory Board has been obtained for this proposal. The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary (Important concurrent positions)	Number of the Company's shares owned
Satoshi Sugano (December 17, 1965) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Audit &amp; Supervisory Board Member</div>	Apr. 1994 Registered as an attorney at law; joined Naritomi & Partners (currently Marunouchi Minami Law Office) Oct. 2003 Partner of Naritomi & Partners June 2015 Established Nakadori Law Office; Representative Attorney at Law (current position) [Important concurrent positions] Representative Attorney at Law of Nakadori Law Office	-
[Reasons for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member] Satoshi Sugano has no prior experience in the management of a company, but has advanced professional legal knowledge as an attorney at law. As the Company judged that his extensive knowledge could be reflected in the Company's auditing system and that he could provide us with appropriate advice and suggestions for securing legal compliance from a standpoint which is independent of the Company's management team, it proposes his reelection as Substitute Outside Audit & Supervisory Board Member.		

- Notes:
1. There is no special interest between the candidate for Substitute Audit & Supervisory Board Member and the Company.
  2. Satoshi Sugano is a candidate for Substitute Outside Audit & Supervisory Board Member.
  3. If Satoshi Sugano takes office as Audit & Supervisory Board Member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into a limited liability agreement with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, on the condition that the requirements stipulated by laws and regulations are met. The maximum amount of liability for damages under this agreement will be 1 million JPY or the minimum liability amount provided for under laws and regulations, whichever is the higher amount.
  4. In accordance with the provision under Paragraph (1), Article 430-2 of the Companies Act, the Company has concluded indemnity agreements with all the Directors and the Audit & Supervisory Board Members by which the Company indemnifies for expenses under Item 1 of the same Paragraph and losses under Item 2 of the same Paragraph within the scope stipulated by laws (however, in order to ensure that the appropriateness of performance of duties by Board Members of the Company is not compromised, they will not be indemnified for costs of defense in excess of the amount normally required or compensation, etc. required to pay in the case of their malicious misconduct or gross negligence in performing their duties). If Satoshi Sugano takes office as Audit & Supervisory Board Member pursuant to this proposal, the Company intends to conclude an indemnity agreement with him with the similar details.
  5. The Company has concluded a Directors and Officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as a Director, etc. or claims pertaining to the pursuit of such liability. If Satoshi Sugano takes office as Audit & Supervisory Board Member, he will be included as an insured person in the said insurance policy. The Company intends to renew the said insurance policy with the similar details while the election of the Substitute Audit & Supervisory Board Members pertaining to this proposal is valid.
  6. If Satoshi Sugano takes office as Audit & Supervisory Board Member, the Company plans to designate him as an Independent Audit & Supervisory Board Member under the provisions of the Tokyo Stock Exchange and notify the Exchange thereof.
  7. Substitute Outside Audit & Supervisory Board Member candidate Satoshi Sugano satisfies the "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" stipulated by the Company on page 19.

**[Reference]**

In 2022, the Company formulated and announced “The World’s Most Expressive Innovation Company” as its long-term vision for 2036, which will mark the 150th anniversary of its establishment. The Company is undertaking activities based on three-year medium-term business plans as a foothold toward the achievement of this long-term vision and as initiatives to simultaneously enhance corporate value. Furthermore, pressing forward in light of progress made in the previous medium-term business plan, we commenced the medium-term business plan out to 2027 with the basic policy of “uni Advance” from January 2025, with the aim of achieving business transformation and creating innovation.

In order to achieve this, the Company believes it is important for the Board of Directors to be composed of a well-balanced group of members with the knowledge, experience, and abilities described in the skills matrix below. Therefore, the Company considered the balance and diversity of these skills in selecting candidates for Directors and Audit & Supervisory Board Members. All candidates for Directors and Audit & Supervisory Board Members, and incumbent Audit & Supervisory Board Members have management experience at the Company, or other companies, or organizations.

Director/Audit & Supervisory Board Member		Management Strategy/ Marketing	Finance/ Accounting	Legal/ Risk Management	Global	Innovation Technology	ESG (Environment/ Social/ Governance)
Representative Director	Eiichiro Suhara	○	○		○		
Representative Director	Shigehiko Suhara	○				○	○
Director	Kazuhisa Kirita	○				○	○
Director	Takao Suzuki	○	○			○	
Director	Nobuo Yamamura	○			○	○	
Outside Director	Tojiro Aoyama	○			○	○	
Outside Director	Asako Saito	○			○		○
Outside Director	Tadashi Shimamoto	○				○	○
Outside Director	Yoshihiro Hombo	○			○	○	
Audit & Supervisory Board Member	Emi Murakami	○		○	○		
Audit & Supervisory Board Member	Hirohisa Ogawa	○	○	○			
Outside Audit & Supervisory Board Member	Toru Kajikawa		○	○			○
Outside Audit & Supervisory Board Member	Yoshiaki Suzuki		○	○			○

(\*) Up to three main skills that each person possesses are marked with “○.” This does not represent all of the skills of each person.

**[Reference] Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members**

The Company deems that Outside Directors and Outside Audit & Supervisory Board Members (including candidates) who do not fall under any of the criteria of the following items possess independence with regard to the Company and do not pose a risk of conflict of interest with general shareholders.

1. Major shareholder  
Major shareholder of the Company or its executing person. “Major shareholder” means any of those who directly or indirectly hold 10% or more of voting rights at the end of the Company’s most recent fiscal year.
2. Major business partner
  - (1) Our principal business partner or its executing person. “Our principal business partner” means any one of the following:
    - The amount of payment from the said business partner to the Company in the most recent business year exceeds 2% of the Company’s annual consolidated net sales.
    - A business partner who is indispensable in fund procurement of the Company and whom the Company relies on to the extent that there is no substitution.
  - (2) A party who considers the Company as a major business partner or its executing person. “A party who considers the Company as a major business partner” means the following party:
    - The amount of payment from the Company to the said party in the most recent business year exceeds 2% of the said party’s annual consolidated net sales.
3. Professional service provider  
A legal expert such as an attorney at law, accounting or tax specialist such as a certified public accountant or tax accountant, consultant, corporate manager, university professor, etc. who obtains monetary or other property profit exceeding 10 million JPY per year other than executive remuneration from the Company. When such property is obtained by an organization such as a corporation or a partnership, this criterion applies to a person belonging to such organization.
4. Donation/Grant  
A person who receives donation or grant exceeding 10 million JPY per year from the Company. When such donation or grant is obtained by an organization such as a corporation or a partnership, this criterion applies to an executing person of such organization.
5. A person who has fallen under any of the above 1. to 4. in the past three (3) years.
6. A spouse or a relative within second degree of kinship of a Director or an employee of the Company or the Company’s subsidiary.

\* In these criteria, the term “executing person” means a person who executes business in an organization such as a corporation or a partnership regardless of his/her title or position name such as director, executive officer, employee, etc.

**Proposal No. 5**      **Renewal of Response Policy for Large-Scale Acquisitions of the Shares in the Company (Takeover Response Policy)**

The Board of Directors of the Company decided at its meeting held on February 13, 2025 to renew the response policy for large-scale acquisitions of the shares in the Company (takeover response policy) and introduce a renewed plan as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Enforcement Regulations of the Companies Act) under the basic policy regarding the persons who control decisions on the Company's financial and business policies (as provided in the main text of Article 118, Item 3 of the Enforcement Regulations of the Companies Act; the "**Basic Policy**") subject to the shareholders' approval at this General Meeting of Shareholders (in this Proposal, the response policy for large-scale acquisitions of the shares in the Company (takeover response policy) before the renewal is referred to as the "**Former Plan**," and the response policy after the renewal is referred to as the "**Plan**"). This Proposal is made to request that shareholders approve the introduction of the Plan pursuant to Article 16, Paragraph 1 of the Company's Articles of Incorporation and the delegation to the Company's Board of Directors of the authority to decide matters regarding the gratis allotment of share options in accordance with the terms and conditions set out in the Plan pursuant to Article 16, Paragraphs 2 and 3 of the Company's Articles of Incorporation.

The Former Plan was approved by the shareholders at the 147th annual general meeting of shareholders held on March 30, 2022, and it will become invalid upon the expiration of its effective period at the conclusion of this General Meeting of Shareholders. With regard to the contents of the Plan, the Company has partially revised the Former Plan based on judicial precedents and practice trends regarding the recent takeover response policies and countermeasures, including (i) adding new types of acquisitions subject to the Plan, (ii) adding and revising details of countermeasures, and (iii) requiring, in principle, convocation of a general meeting of shareholders to ensure that the implementation of the gratis allotment of share options in accordance with the Plan is based on the reasonable intentions of the shareholders.

In addition, all of the Directors of the Company, including three Outside Directors, and all of the Audit & Supervisory Board Members of the Company, including two Outside Audit & Supervisory Board Members, agreed to the introduction of the Plan, and the Company obtained the unanimous approval of the members of the Independent Committee for the Former Plan for the introduction of the Plan.

**I. Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies**

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will enable the Company to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders. The Company believes that the intrinsic value of writing instruments is to express and support each customer's inherent personality and abilities through "writing and drawing." The Company also believes that the enhancement of the Company's corporate value will be achieved by (i) providing a wide range of writing instruments to people all over the world, (ii) creating and nurturing new businesses originated from the intrinsic value of providing writing instruments, and thereby (iii) conducting integrated management by linking those businesses.

The Company believes that ultimately its shareholders as a whole must make the decision if a proposal for an acquisition that would involve a transfer of corporate control of the Company is made. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders. Nonetheless, there are some forms of large-scale acquisitions of shares that benefit neither the corporate value of the target company of the large-scale acquisition nor the common interests of its shareholders including without limitation those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders; those that threaten to effectively coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal

to shareholders and those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The acquirer in a proposed large-scale acquisition of the shares in the Company is required not only to deeply understand the details of the financial and business affairs of the Company's group (the "**Group**") and the source of the Company's corporate value described below, but also to ensure and enhance the source of the corporate value over the mid- to long-term. If a large-scale acquisition is made by persons who do not meet these requirements, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed. The Company believes that persons who would make a large-scale acquisition in a manner that harms the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate as persons who make decisions on the Company's financial and business policies. Therefore, it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures to large-scale acquisitions of the shares in the Company by such persons.

## **II. The Source of the Company's Corporate Value and Special Measures to Realize the Basic Policy**

### **1. The Source of the Company's Corporate Value**

Since its establishment in 1887, the Company has carried out activities mainly in the area of the writing instruments business with its mission to give pleasure to more customers by offering high-quality and high-value-added writing instruments under its corporate motto "The Finest Quality Is the Best Service."

However, in this era of multifarious changes to the environment surrounding the Company, the future is difficult to predict. In this situation, the Company has taken this opportunity to pause for a moment in order to reexamine and redefine the value that it has offered to customers through its many years of business. The Company believes that the value it has offered to customers through its writing instrument products is to give shape to each customer's inherent personality and creativity through "writing and drawing" and to support these activities. This reexamination of the value offered to customers is the starting point for elucidating the source of the corporate value of the Company.

The Company's business started when Niroku Masaki, the founder of the Company, began selling an early type of pencil called "*hasami enpitsu*," one pencil at a time, with an enthusiasm for popularizing pencils in Japan. Driven by an eagerness to manufacture pencils that are comparable to overseas products, the Company then went on to create the "uni" pencil in 1958, the best quality pencil proudly offered by the Company.

Now, the writing instruments offered by the Company have grown into products that are used by customers in more than 100 countries all over the world, not only in Japan but also in other countries in Asia, as well as countries in other regions including Europe, North America, and the Middle and Near East, and the Company has expanded its business fields accordingly. Throughout every era, the writing instruments offered by the Company have been products closely familiar to people across a wide range of ages. The Company's writing instruments have been supporting customers' daily lives, from the time when children at a tender age first grip a colored pencil or felt-tip pen in their small hands to draw or color in pictures, then start using pencils, mechanical pencils, and ballpoint pens to put into writing all the various facts, thoughts and memories from their lives. The Company's writing instruments have also been used as tools to generate innovative ideas and concepts or to create artworks admired by many.

The Company's guiding principal for its craftsmanship is embodied in the brand "uni," which originates from the word "unique." The Company believes that, in order for products and services to be widely loved by the public, they must be the one and only of their kinds and have the finest quality. Continuing to offer such products and services will also consequently enable the Company to assist more customers

in expressing the “uniqueness” waiting to be discovered in each individual’s inherent personality and creativity.

Exponential technological progress in recent years has generated numerous products and services and, in addition to the writing instruments that have conventionally been used thus far, broadened the range of options for how customers can express themselves. Further, while borderless globalization has progressed at an accelerated pace due to the popularization of the Internet, an increased interest in urgent issues concerning the global environment, which is a resource shared by all peoples, has significantly changed customers’ values relating to consumption and has caused continuous expansion of new methods of consuming, such as sharing and subscription. The Company believes that, in the midst of the significant changes to the social environment described above, customers’ values have diversified and the joy of expressing diverse values has become more universally shared by people around the world.

Particularly because of the environment described above, the Company has made a resolution to return to the value that it has accumulated and offered to customers since its establishment and, by using this as a starting point, transform from a “manufacturer of writing instruments,” which manufactures instruments used for writing, and be reborn as a “company that innovates means of expression,” which offers the joy of expressing the uniqueness waiting to be discovered in each customer. Based on the belief that “everyone is born unique,” the Company intends to strive to give material shape to the value it offers to customers – unlocking the inherent personality and creativity of people all over the world through “writing and drawing.” Writing instruments have the power to bring out, increase, and add color to the unique properties of each customer and change them into what people can share. The Company continues to make efforts to sincerely work on the value it has offered to customers through the writing instruments business that it has focused on since its establishment, create a wealth of expression and new connections by empowering customers to fulfil the potential in their various inherent differences, including gender, culture, and disabilities, and thereby add color to the world with new technology based on the belief that difference is beautiful.

The Company understands that “corporate value” refers to a company’s assets, profitability, stability, efficiency, growth potential, and other company attributes that contribute to the interests of shareholders, or the extent to which they do so and that, conceptually, corporate value is the sum of the present values of discounted future cash flows generated by a company. In this respect, the Company has earned the trust of customers over many years by delivering products such as writing instruments that pursue functionality backed up by outstanding quality and advanced technology. The Company believes that many of the Company’s products are not merely practical tools, but also reflect the values and lifestyles of the people who use them. In order to realize the Company’s “ideal image” of becoming a company that deepens people’s thoughts, connects their emotions, and supports their self-expressions through the act of “writing and drawing,” the Company is working (i) to expand the value the Company provides through high-value-added writing instruments, (ii) to provide experiential value that opens new possibilities through writing, (iii) to deepen the Company’s presence in mature markets and advance creatively in emerging markets, and (iv) to challenge in new businesses that will enable the Company to contribute to solving internal issues beyond the existing framework. The Company views that these initiatives will have a positive impact on strengthening of profit structure from a long-term perspective and increasing sustainable cash flows in the future.

On the other hand, the Company believes that the term “corporate value” also means corporate activities carried out by a company with a firm determination to put on the market various products and services required by the public and to respond to the expectations of stakeholders surrounding the Company, including shareholders and customers. In those activities, the source of the Company’s corporate value lies in the technological and development capabilities that it has accumulated since its establishment and abundant experience, knowledge, and expertise of each of its individual employees, as well as its corporate climate and culture and management policy that foster and pass down these elements. The Company also believes that, in the midst of the changing environment and changing times, ceaselessly

examining such source of corporate value and sophisticating and continuously improving it will continue to create a sense of energy and vigor among the Company and its employees and, as a result, the Company's corporate value will increase, and this will in turn maximize the value for all stakeholders surrounding the Company, including shareholders, customers, employees, trading partners, and the broader social community.

The Company will aim for sustainable growth and further enhance the corporate value of the Company and, in turn, the common interests of its shareholders while performing its social responsibilities as a corporation by improving what the Company considers to be the source of corporate value and encouraging the further evolution of the source of corporate value.

## **2. Measures to Enhance Corporate Value**

As the long-term ideal image of the Company toward which it will aim from January 2022 to 2036, which will mark the 150th anniversary of its establishment, the Company has adopted and publicly announced its vision of becoming "the world's leading company for innovating expression." The Company conducts activities based on a mid-term management plan prepared every three years as a foothold toward the achievement of this long-term vision and as a measure for enhancing corporate value. With the aim of further promoting measures based on the progress made in the previous mid-term management plan and realizing corporate transformation and innovation creation, in January 2025 the Company started a new mid-term management plan up until 2027, with the basic policy of "uni Advance." The focus of the management plan is centered on the following three policies.

The first policy is to continue the enhancement and to promote diversification of the writing instruments business. The outline of this policy is to provide more people with experiential value by (i) improving the brand value through strengthening of marketing functions and collaborative activities across the Group, (ii) promoting the provision of high-value-added products and creation of experiential value based on potential needs, and (iii) expanding market areas including emerging markets and establishing frameworks for the next stage of business development. In addition, the Company will build a sustainable business foundation by optimizing the global supply chain through stronger collaboration between sales and production and achieving improvement of production efficiency and reduction of environmental impact.

The second policy is to expand the scale of the non-writing instrument business and to intensify activities that will drive the realization of the ideal image of the Group. Specifically, the Company will aim to enhance the non-writing instrument businesses into a pillar of corporate growth and contribute to society through those businesses. In addition, the Company will promote the strengthening of corporate power to realize the ideal image of the Company by innovation creation through co-creation across industries.

The last policy is to strengthen the foundation for business growth to leverage both the tangible and intangible assets of the Company, including human resources and technology, as the Company believes that it is essential to further strengthen the relationship with all stakeholders surrounding the Company in order to lay the groundwork for the realization of the two key policies described above.

The Company believes that, in order for the Company to continuously enhance the Company's corporate value in the future, it is important to earnestly work on, improve, and further enrich what it considers to be the source of corporate value. As part of these measures, the Company believes that achieving the further strengthening of the competitiveness of the Company under the mid-term management plan will lead to the enhancement of the Company's corporate value and, in turn, the maximization of the interests of all stakeholders surrounding the Company, including its shareholders.

Please refer to the “Notice Concerning the Formulation of “Medium- term Management Plan for 2025-2027”” released on February 13, 2025 for the details of the mid-term management plan.

### **3. Strengthening of Corporate Governance**

The Company is a company with an audit and supervisory board, and the Company’s Board of Directors and Audit & Supervisory Board supervise and audit the management of the Company. The term of office of each Director of the Company is set at one year in order to clarify the responsibilities of each Director toward shareholders, and the Company maintains the ratio of Outside Directors on the Board of Directors at one-third or more with an aim to strengthen the supervision of management from the perspective of independent third-parties. In addition, the Company has introduced the executive officer system for purposes such as accelerating the decision making process of management and realizing agile execution of business, as well as reinforcing the framework for monitoring management from an objective standpoint by separating management’s supervisory functions and business execution functions. Four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, constitute the Audit & Supervisory Board, and they audit the execution of duties by the Directors.

On the other hand, the Company believes that corporate governance is about “building a system for organizing a better company” for all stakeholders surrounding the Company and, as an effective measure for corporate governance, the Company established the Basic Policy for Corporate Governance at the meeting of the Board of Directors held on December 16, 2021. It is necessary for the Company to continuously consider what are the best measures for all stakeholders surrounding it in order to strengthen corporate governance, and the Company will continue to endeavor to further strengthen corporate governance in order to “organize a better corporation” by deepening its consideration toward the establishment of an even more enhanced corporate governance structure in accordance with the provisions of the Basic Policy for Corporate Governance.

Please refer to the “Announcement of Partial Revision of the Basic Policy for Corporate Governance” released on December 15, 2022 for the details of the present Basic Policy for Corporate Governance.

## **III. Purpose and Details of the Plan**

### **1. Purpose of the Plan**

The Plan will be introduced by renewing the Former Plan in line with the Basic Policy set out in section I above for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders.

As set out in the Basic Policy, the Company’s Board of Directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate as persons who control decisions on the Company’s financial and business policies. Based on this belief, the Company decided to introduce the Plan as a framework for enabling the Company’s Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal and to negotiate for the benefit of the shareholders on the occasion that the Company receives a large-scale acquisition proposal regarding the shares in the Company from an acquirer, for the purpose of preventing decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate and deterring large-scale acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders.

Major shareholders of the Company as of December 31, 2024 are listed in the Schedule entitled “Major Shareholders of the Company.” The Company has not received any notice or proposal of a large-scale



acquisition to date from a specific third party.

## 2. Plan Outline

The Plan sets out procedures necessary to achieve the purpose stated above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

The acquirer may effect a large-scale acquisition of the Company's share certificates or other equity securities if and only after the Company's Board of Directors or the Company's general meeting of shareholders determines that the Company should not trigger the Plan in accordance with the procedures for the Plan.

In cases such as where an acquirer does not follow the procedures set out in the Plan or a large-scale acquisition of the Company's share certificates or other equity securities could harm the corporate value of the Company and, in turn, the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will implement a countermeasure by means such as allotting share options with (a) an exercise condition that does not allow the acquirer to exercise rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the share options in exchange for the Company's shares from persons other than the acquirer, in the form of a gratis allotment of share options to all shareholders, except the Company, at that time.

The Company's policy is that it will establish the Independent Committee, which is solely composed of Outside Directors and other outside parties who are independent from the management of the Company, and will obtain its objective determination with respect to matters such as the implementation, non-implementation, or cancellation of the gratis allotment of share options or other countermeasures permitted under laws and ordinances and the Company's Articles of Incorporation in accordance with the Plan in order to eliminate arbitrary decisions by Directors, and cause the Company's Board of Directors to make a careful determination with respect to these matters.

In addition, the Company's Board of Directors will hold a general meeting of shareholders in principle when implementing the gratis allotment of share options in accordance with the Plan and confirm the intent of the shareholders regarding the implementation of the gratis allotment of share options or other countermeasures permitted under laws and ordinances and the Company's Articles of Incorporation.

The Company will ensure the transparency of the above procedures by disclosing information to the Company's shareholders as appropriate in the course of those procedures.

## 3. Plan Details (Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy)

### 3.1 Procedures for Triggering the Plan

#### (a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under any of (i) to (iii) below or any similar action or a proposal<sup>1</sup> for such action (except for such action as the Company's Board of Directors separately determines not to be subject to the Plan; the "**Acquisition**") takes place.

- (i) A purchase or other acquisition<sup>2</sup> or an act of forming a relationship whereby a third party

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<sup>1</sup> "Proposal" includes solicitation of a third party for an Acquisition.

<sup>2</sup> "Acquisition" includes having the right to request delivery of share certificates, etc. under a purchase and sale contract or any other contract or executing any of the transactions provided for in Article 14-6 of the Order for

becomes a joint holder<sup>3</sup> of a holder (*hoyuusha*)<sup>4</sup> with respect to the share certificates, etc. (*kabuken tou*)<sup>5</sup> issued by the Company that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)<sup>6</sup> of that holder totaling at least 20% of the share certificates, etc. issued by the Company;

- (ii) A tender offer (*koukai kaitsuke*)<sup>7</sup> with respect to the share certificates, etc. (*kabuken tou*)<sup>8</sup> issued by the Company that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)<sup>9</sup> of the party conducting the tender offer after the tender offer and the ownership ratio of share certificates, etc. of other persons in special relationship with that party (*tokubetsu kankei-sha*)<sup>10</sup> totaling at least 20% of the share certificates, etc. issued by the Company (including the commencement of a tender offer); or
- (iii) Regardless of whether or not any one of the acts provided for in items (i) and (ii) above is conducted, an act (I) conducted between (a) a person who intends to acquire share certificates, etc. of the Company, or a joint holder (*kyoudou hoyuusha*) or a person having a special relationship with respect to that person (each, an “**Acquirer of Share Certificates, Etc.**” in this item (iii)) and (b) another shareholder of the Company (including multiple shareholders; the same applies in this item (iii)) and that constitutes an agreement or other act as a result of which the other shareholder(s) become(s) a joint holder of the Acquirer of Share Certificates, Etc. or any act that establishes a relationship<sup>11</sup> whereby the Acquirer of Share Certificates, Etc. or the other shareholder(s) substantially control(s) the other(s) or they act jointly or in concert with each other<sup>12</sup>, and

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Enforcement of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

<sup>3</sup> Meaning a joint holder provided for in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under a joint holder by the Board of Directors of the Company). (i) A person in special relationship defined in Article 27-2(7) of the Financial Instruments and Exchange Act and (ii) an investment bank, a securities firm, or other financial institution that executes a financial advisory agreement with the holder or a joint holder of that holder or the person in (i), or a tender offer agent or securities firm acting as lead manager of the holder (collectively, “**Contract Financial Institution, Etc.**” in this Proposal) are deemed to be a joint holder of that holder. The same applies throughout this Proposal and in the calculation of holding ratios of share certificates, etc. under the Plan.

<sup>4</sup> Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors of the Company). The same applies throughout this Proposal.

<sup>5</sup> Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same applies throughout this Proposal unless otherwise provided for.

<sup>6</sup> Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

<sup>7</sup> Defined in Article 27-2(6) of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

<sup>8</sup> Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.

<sup>9</sup> Defined in Article 27-2(8) of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

<sup>10</sup> Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors of the Company); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person other than Issuer are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Act. A joint holder and Contract Financial Institution, Etc. are deemed to be a person in special relationship. The same applies throughout this Proposal.

<sup>11</sup> Judgment regarding whether a “relationship whereby an Acquirer of Share Certificates, Etc. or the other shareholder(s) substantially control(s) the other(s) or they act jointly or in concert with each other” has been established between them will be made based on certain factors such as the current or past capital relationship (including a relationship of joint control), business alliance relationship, business or contractual relationship, relationship of interlocking directorate, financing relationship, credit granting relationship, status of the purchase of share certificates, etc. of the Company, and currently or in the past having a beneficial interest in the Company’s share certificates, etc. through derivatives, stock lending, and other transactions, and direct or indirect effects on the Company caused by that Acquirer of Share Certificates, Etc. and the other shareholder(s).

<sup>12</sup> Determination regarding whether an act specified in item (iii) of the main text has been conducted will be

(II) that would result in the total holding ratio of share certificates, etc. issued by the Company of that Acquirer of Share Certificates, Etc. and the other shareholder(s) totaling at least 20% of the share certificates, etc. issued by the Company.

The party intending to make the Acquisition alone or jointly with other parties (the “**Acquirer**”) shall follow the procedures set out in the Plan, and the Acquirer must not commence or effect the Acquisition until and unless the Company’s Board of Directors or the Company’s general meeting of shareholders resolves not to implement the gratis allotment of share options or other countermeasures permitted under laws and ordinances and the Company’s Articles of Incorporation in accordance with the Plan.

(b) Submission of Acquirer’s Statement

The Company will request the Acquirer to submit to the Company in the form separately prescribed by the Company a document that includes an undertaking such as that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, “**Acquirer’s Statement**”) before commencing or effecting the Acquisition. The Acquirer’s Statement must include the name, address or location of headquarters, location of offices, governing law for establishment, name of the representative, contact information in Japan for the Acquirer and outline of the intended Acquisition. The Acquirer’s Statement and the Acquisition Document set out in (c) below must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will provide the Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business days(\*) after receiving the Acquirer’s Statement. The Acquirer must provide the Company’s Board of Directors with the document in the form provided by the Company (collectively, the “**Acquisition Document**”), which includes the information described in each item of the list below (“**Essential Information**”).

\* “Business day” means any day other than days listed in the items of Article 1(1) of the Act on Holidays of Administrative Organs.

- (i) Details (including name, capital relationship, financial position, operation results, details of violation of laws or ordinances in the past (if any), and terms of any previous transactions which are similar to the Acquisition by the Acquirer) of the Acquirer and its group (including joint holders, persons in special relationship and persons in special relationship with a person in relation to whom the Acquirer is the controlled juridical person, etc.<sup>13</sup>).<sup>14</sup>
- (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).
- (iii) The amount and basis for the calculation of the purchase price of the Acquisition.
- (iv) Whether the Acquirer has exchanged communications with a third party in connection with the Acquisition and, if it has, the details of the communications and a brief description of that third party.

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reasonably made by the Company’s Board of Directors respecting the determination of the Independent Committee. Please note that the Company’s Board of Directors may request the Company’s shareholders to provide necessary information to the extent that is required for making a judgment regarding whether the relevant act satisfies the requirements prescribed in item (iii) of the main text.

<sup>13</sup> Defined in Article 9(5) of the Order for Enforcement of the Financial Instruments and Exchange Act.

<sup>14</sup> If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is also required.

- (v) Information on any past acquisition or disposal of the share certificates, etc. of the Company by the Acquirer.
- (vi) If the Acquirer has reached or intends to reach an agreement with a third party regarding the share certificates, etc. of the Company, the details of the agreement and a brief description of that third party.
- (vii) Financial support for the Acquisition (including the names of providers of funds (including all indirect providers of funds) for the Acquisition, financing methods and the terms of any related transactions).
- (viii) Post-Acquisition management policy, business plan, and capital and dividend policies for the Group.
- (ix) Response policies for the Company's shareholders (other than the Acquirer), employees, business partners, clients, and other stakeholders.
- (x) Specific measures to avoid any conflicts of interest with other shareholders of the Company.
- (xi) Any other information that the Independent Committee reasonably considers necessary.

If the Company's Board of Directors receives the Acquisition Document, it will promptly send it to the Independent Committee (which will be established based on the resolution of the Company's Board of Directors; standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee are as described in Attachment 1 'Outline of the Rules of the Independent Committee' and business backgrounds and other matters of members of the Independent Committee at the time of the introduction of the Plan are as described in Attachment 2 'Profiles of the Members of the Independent Committee'). If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period as appropriate (up to 60 days from the date on which the Company's Board of Directors receives the Acquisition Document) and request that the Acquirer provide additional information. In such case, the Acquirer should provide the additional information within the reply period.

- (d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal
  - (i) Request to the Company's Board of Directors for the Provision of Information  
If the Acquirer submits the Acquisition Document and any additional information that the Independent Committee requests, the Independent Committee may set a reply period as appropriate and request that the Company's Board of Directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.
  - (ii) Independent Committee Consideration  
The Independent Committee will conduct its consideration of the Acquisition terms, collection of information such as the management plans and business plans of the Acquirer and the Company's Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Company's Board of Directors, and the like for, as a general rule, a period of up to 90 days after it receives the Acquisition Document submitted by the Acquirer (however, if the Independent Committee requests the Acquirer to provide additional information after setting a reply period, then a period of up to 90 days from the day following the last day of the reply period) (or, for a period of up to 60 days in the case of an Acquisition through a tender offer in consideration for cash (JPY) and in which the maximum number to be purchased is not set) (such period required for the collection of information and consideration by the Independent Committee is hereinafter referred to as the "**Independent Committee Consideration**").

**Period**”). Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

In order to ensure that the Independent Committee’s decision contributes to the Company’s corporate value and, in turn, the common interests of its shareholders, the Independent Committee may, at the cost of the Company, obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, certified public tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Recommendations by the Independent Committee

Based on the abovementioned procedures, the Independent Committee will make recommendations or the like to the Company’s Board of Directors in the manner described below.

(i) If triggering of the Plan is recommended:

If the Independent Committee determines that the Acquisition falls under any of the trigger events set out below in 3.2, ‘Requirements for Implementation of the Countermeasures’ (collectively, “**Trigger Events**”), the Independent Committee will recommend the implementation of the gratis allotment of share options (whose principal terms are set out below in 3.3 ‘Outline of the Countermeasures’; such share options hereinafter referred to as “**Share Options**”) or of other countermeasures permitted under laws and ordinances and the Company’s Articles of Incorporations (collectively, the “**Countermeasures**”) to the Company’s Board of Directors except in any specific case where further provision of information by the Acquirer or negotiation, discussion, or the like with the Acquirer is necessary. The Independent Committee may recommend the implementation of the Countermeasures subject to obtaining an approval at a general meeting of shareholders in advance or subsequently.

Notwithstanding the above, even after the Independent Committee has already made a recommendation for the implementation of the Countermeasures, if the Independent Committee determines that either of the events in (A) or (B) below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Share Options) the Company should cancel the gratis allotment of Share Options, or (ii) (from the effective date of the gratis allotment of Share Options and until the day immediately prior to the commencement date of the exercise period of the Share Options) the Company should acquire the Share Options for no consideration, cancel the implementation of the Countermeasures, or take other actions.

(A) The Acquirer cancels or withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation for the implementation of the Countermeasures.<sup>15</sup>

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<sup>15</sup> This would apply, for example, when the Acquirer cancels or withdraws an Acquisition that has already commenced (if the Acquisition is conducted by means of a tender offer, a public notice of the withdrawal of a tender offer (the main text of Article 27-11.2 of the Financial Instruments and Exchange Act) is required) and then a document to the effect that the Acquirer covenants such matters as that (i) the Acquisition will not be effected for a certain period, (ii) the Acquirer will reduce its holding ratio of share certificates, etc. to a certain percentage within a specific period, and (iii) the Acquirer will not exercise its right to demand convocation of an extraordinary general meeting of shareholders for a certain period is submitted and the Acquirer acts in compliance with the written covenant.

(B) There is no longer any Trigger Event due to a change or the like in the facts or other matters on which the decision of the recommendation for the implementation of the Countermeasures was made.

(ii) If non-triggering of the Plan is recommended:

If the Independent Committee determines that no Trigger Events exist with respect to the Acquisition, the Independent Committee will recommend the non-implementation of the Countermeasures to the Company's Board of Directors regardless of whether or not the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing, even after the Independent Committee has already made a recommendation for the non-triggering of the Countermeasures, if there is a change in the facts or other matters on which the decision for the recommendation was made and Trigger Events arise, the Independent Committee may make a new recommendation that the Company should implement the Countermeasures.

(iii) If the Independent Committee Consideration Period is extended:

If the Independent Committee does not reach a recommendation for the implementation or non-implementation of the Countermeasures during the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, consideration of an alternative proposal and negotiation with the Acquirer, extend the Independent Committee Consideration Period (up to 30 days as a general rule). If the Independent Committee Consideration Period is extended, the Independent Committee will continue to collect information, deliberate, and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the Countermeasures within the extended period.

(f) Convocation of a General Meeting of Shareholders

When implementing the Countermeasures in accordance with the Plan, the Company's Board of Directors will convene a general meeting of shareholders<sup>1617</sup> in principle<sup>18</sup> and present a proposal regarding the implementation of the Countermeasures on the agenda at the general meeting of shareholders.

(g) Resolutions by the Board of Directors

If a general meeting of shareholders is held pursuant to (f) above, the Company's Board of Directors shall pass a resolution following the resolution of that general meeting of shareholders.

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<sup>16</sup> Although as a general rule the intent of shareholders will be confirmed by an ordinary resolution at the general meeting of shareholders, in some cases the Acquirer and the persons who are deemed by the Independent Committee to have a special interest in the Acquirer in relation to the proposal in question by comprehensively taking into account various circumstances, including the purpose, method, and terms of the large-scale Acquisition as well as the potential conflicts of interest between the Acquirer and general shareholders, will be excluded from the calculation of a requirement for passing a resolution to approve the proposal.

<sup>17</sup> The general meeting of shareholders includes a meeting of shareholders that is held after a resolution of the Board of Directors to implement the gratis allotment of Share Options and before the effective date of the gratis allotment of Share Options.

<sup>18</sup> Since there is insufficient time to hold the general meeting of shareholders and it is not possible to ensure the information necessary for shareholders to judge the appropriateness of the Acquisition in cases such as where an Acquirer tries to implement the Acquisition without following the procedures set out in the Plan, the Company's Board of Directors may implement a gratis allotment of share options without holding the general meeting of shareholders while respecting the opinion of the Independent Committee to the maximum extent.

On the other hand, in case the Independent Committee makes any recommendation in accordance with (e) above and the general meeting of shareholders is not held, the Company's Board of Directors will pass a resolution relating to the implementation or non-implementation of the Countermeasures as an organization under the Companies Act while respecting the recommendation to the maximum extent and carefully considering matters such as whether the Acquisition opposes the corporate value of the Company and, in turn, the common interests of its shareholders.

The Company's Board of Directors will not implement the Countermeasures if the Independent Committee recommends the non-implementation of the Countermeasures or a general meeting of shareholders resolves to reject the proposal for the implementation of the Countermeasures.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, the fact that the Independent Committee Consideration Period has commenced, and the fact that the Independent Committee Consideration Period has been extended, as well as the specific extended period and the reason for the extension), or an outline of recommendations made by the Independent Committee, an outline of resolutions by the Company's Board of Directors, and other matters that the Independent Committee or the Company's Board of Directors considers appropriate, in accordance with the applicable laws and ordinances or the applicable regulations, etc. of the financial instruments exchange.

### 3.2 Requirements for Implementation of the Countermeasures

The requirements to trigger the Plan to implement the Countermeasures are as follows. As described above in (e) of 3.1, 'Procedures for Triggering the Plan,' the Company's Board of Directors will make a determination as to whether any of the following requirements applies to an Acquisition only after the recommendation by the Independent Committee is obtained.

Trigger Event (1)

The Acquisition does not follow the procedures prescribed in the Plan (including cases where reasonable time and information necessary to consider the details of the Acquisition is not offered) and it is reasonable to implement the Countermeasures.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the Countermeasures.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions:
  - (i) A buyout of share certificates, etc. to require such share certificates, etc. to be compulsorily purchased by the Company side at a high price.
  - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
  - (iii) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.

- (iv) Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
  
- (b) Certain Acquisitions that threaten to effectively coerce shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which acquisition terms for the second stage are set to be unfavorable compared to the initial acquisition or unclear).
  
- (c) Acquisitions to which the economic terms (including the amount and type of consideration and the payment date and method of consideration) are inadequate or inappropriate in light of the Company's intrinsic value.
  
- (d) The terms of a proposed Acquisition (including the economic terms of the Acquisition, as well as the legality and feasibility of the Acquisition, post-Acquisition management policy and business plan, and post-Acquisition policies dealing with the Company's shareholders (other than the Acquirer), employees, business partners, clients, and other stakeholders of the Company) materially threaten to oppose the corporate value of the Company and, in turn, the common interests of shareholders, by damaging relationships with the Group's employees, business partners, clients, and other stakeholders and the brand strength of the Group, which are indispensable to the generation of the Company's corporate value.

### 3.3 Outline of the Countermeasures

The countermeasure to an Acquisition that is triggered by the Company in accordance with the Plan is, as a general rule, a gratis allotment of share options. However, there is also a possibility that the Company will use other countermeasures permitted under laws and ordinances and the Company's Articles of Incorporation if it is determined appropriate to trigger those countermeasures.

If a gratis allotment of share options is implemented as a countermeasure under the Plan, the outline of the implementation is as follows.

- (a) Number of Share Options  
The number of Share Options to be allotted upon implementation of a gratis allotment of Share Options is the same as the most recent total number of issued shares in the Company (excluding the number of treasury shares held by the Company at that time) on a certain date (the "**Allotment Date**") that is separately determined in a resolution by the Company's Board of Directors relating to the gratis allotment of Share Options (the "**Gratis Allotment Resolution**").
  
- (b) Shareholders Eligible for Allotment  
The Company will allot the Share Options to shareholders, other than the Company, who are recorded in the Company's most recent register of shareholders on the Allotment Date, at a ratio of one Share Option for each share in the Company held as a general rule.
  
- (c) Effective Date of Gratis Allotment of Share Options  
The effective date of the gratis allotment of Share Options will be separately determined in the Gratis Allotment Resolution.



- (d) **Number of Shares to be Acquired upon Exercise of the Share Options**  
The number of shares in the Company to be acquired upon exercise of each Share Option (the “**Number of Subject Shares**”) shall be a number to be separately determined in the Gratis Allotment Resolution.
- (e) **Amount to be Contributed upon Exercise of Share Options**  
Contributions upon exercise of the Share Options are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Share Options will be one yen.
- (f) **Exercise Period of the Share Options**  
The commencement date of the exercise period will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period is hereinafter referred to as the “**Exercise Period Commencement Date**”), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution.
- (g) **Conditions for Exercise of Share Options**  
The following parties may not exercise the Share Options in principle (the parties falling under (I) through (V) below are hereinafter collectively referred to as “**Non-Qualified Parties**”):
- (I) Acquirers;
- (II) Joint holders of Acquirers;
- (III) Persons in special relationship with Acquirers;
- (IV) Any transferee of, or successor to, the Share Options of any party falling under (I) through (III) without the approval of the Company’s Board of Directors (including joint holders of or persons having a special relationship with the transferee or successor); or
- (V) Any Affiliated Party<sup>19</sup> of any party falling under (I) through (IV).

The Company’s Board of Directors will hear the opinion of the Independent Committee and respect the determination of the Independent Committee to the maximum extent when making a determination regarding whether a person is a Non-Qualified Party.<sup>20</sup> Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Share Options may not as a general rule exercise the Share Options (provided, however, that the Share Options held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of (i), ‘Acquisition of Share Options by the Company’ below, on the condition that it is confirmed that the relevant

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<sup>19</sup> An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Company’s Board of Directors), or a party deemed by the Company’s Board of Directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act) of other corporations or entities.

<sup>20</sup> However, a party that the Company’s Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value and, in turn, the common interests of shareholders or a certain other party that the Company’s Board of Directors separately determines in the Gratis Allotment Resolution does not constitute a Non-Qualified Party.

acquisition by the Company does not infringe any applicable law or ordinance). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he/she/it satisfies the exercise conditions of the Share Options, indemnity clauses and other covenants, may not exercise the Share Options.

(h) Assignment of Share Options

Any acquisition of the Share Options by assignment requires the approval of the Company's Board of Directors.

(i) Acquisition of Share Options by the Company

(i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's Board of Directors deems that it is appropriate for the Company to acquire the Share Options, the Company may, on a day separately determined by the Company's Board of Directors, acquire all of the Share Options for no consideration.

(ii) On a date separately determined by the Company's Board of Directors, the Company may acquire all of the Share Options that have not been exercised before or on the day immediately prior to such date determined by the Company's Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Number of Subject Shares for each Share Option. In addition, if, on or after the date upon which the acquisition takes place, the Company's Board of Directors recognizes the existence of any party holding Share Options other than Non-Qualified Parties, the Company may, on a date determined by the Company's Board of Directors that falls after the date upon which the acquisition described above takes place, acquire all of the Share Options held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's Board of Directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Number of Subject Shares for each Share Option. The same will apply thereafter.

(iii) On a date that is on or after the effective date of the gratis allotment of Share Options and separately determined by the Board of Directors, the Company may acquire all of the Share Options held by Non-Qualified Parties and, in exchange, deliver share options that may not, as a general rule, be exercised by Non-Qualified Parties<sup>21</sup> as consideration in the number equal to the Share Options to be acquired. The details of such share options shall be determined in the Gratis Allotment Resolution.

(iv) Other matters regarding acquisitions will be separately determined in the Gratis Allotment Resolution.

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<sup>21</sup> However, the Company may set a condition that Non-Qualified Parties may exercise such share options in certain cases. Specifically, the Company may, for example, stipulate such matters as that the Acquirer or other Non-Qualified Parties may exercise share options held by them within a certain percentage if the Acquirer cancels or withdraws an Acquisition that has already commenced (if the Acquisition is conducted by means of a tender offer, a public notice of the withdrawal of a tender offer (the main text of Article 27-11.2 of the Financial Instruments and Exchange Act) is required) and then a document to the effect that the Acquirer covenants such matters as that (i) the Acquisition will not be effected for a certain period, (ii) the Acquirer will reduce its holding ratio of share certificates, etc. to a certain percentage within a specific period, and (iii) the Acquirer will not exercise its right to demand convocation of an extraordinary general meeting of shareholders for a certain period is submitted and the Acquirer acts in compliance with the written covenant.

- (j) Delivery of Share Options in Case of Merger, Absorption-type Company Split (*kyushu bunkatsu*), Incorporation-type Company Split (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

- (k) Issuance of Certificates Representing the Share Options  
Certificates representing the Share Options will not be issued.

- (l) Other

In addition, the details of the Share Options will be separately determined in the Gratis Allotment Resolution.

### 3.4 Procedures for the Introduction of the Plan

With regard to the Plan, the Company will request that the shareholders approve the introduction of the Plan by renewing the Former Plan and delegate to the Company's Board of Directors the authority to decide matters regarding the gratis allotment of Share Options in accordance with the terms and conditions set out in the Plan by resolutions at this General Meeting of Shareholders in accordance with Article 16 of the Company's Articles of Incorporation.

### 3.5 Effective Period, and Abolition and Amendment of the Plan

The effective period of the Plan will be the period of delegation of authority to decide matters regarding the gratis allotment of Share Options under the Plan, for which a resolution is passed at this General Meeting of Shareholders, and the period of delegation will be until the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of this General Meeting of Shareholders.

However, if, before the expiration of the effective period of the Plan, (i) the Company's general meeting of shareholders resolves to abolish the Plan or to withdraw the above delegation to the Board of Directors of the authority to decide matters regarding the gratis allotment of Share Options under the Plan or (ii) the Company's Board of Directors resolves to abolish the Plan, the Plan will be abolished at that time.

Further, the Company's Board of Directors may revise or amend the Plan even during the effective period of the Plan, in cases where the revision or amendment is not contrary to the purpose of the resolution of this General Meeting of Shareholders such as cases where any law, ordinance, or regulation, etc. of a financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition in the Plan, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, and cases where the revision or amendment does not cause any disadvantage to the Company's shareholders, and subject to the approval of the Independent Committee.

If the Plan is abolished, revised or amended, the Company will promptly disclose the fact that such abolition, revision or amendment has taken place, and (in the event of a revision or amendment) the details of the revision, amendment and any other matters.

### 3.6 Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of February 13, 2025. If it becomes necessary after such date to revise the terms and conditions or definitions of terms set out in the paragraphs above due to the establishment, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolishment.

## 4. Impact on Shareholders and Investors

### 4.1 Impact on Shareholders and Investors Upon Introduction of the Plan

Upon introduction, the Plan will have no direct or specific impact on shareholders and investors because no actual Countermeasures, including gratis allotment of Share Options, will be implemented.

### 4.2 Impact on Shareholders and Investors at the Time of Implementation of the Countermeasures

Even upon implementation of the Countermeasures, it is not assumed that the Plan would cause a situation that results in particular losses to the Company's shareholders (excluding Non-Qualified Parties) in terms of legal rights or economic aspects. If the Countermeasures are taken, the Company will disclose information in a timely and appropriate manner in accordance with laws and ordinances and the rules of the financial instruments exchange.

The impact on shareholders and investors at the time a gratis allotment of Share Options is implemented as the Countermeasures would be as follows.

#### (i) Procedures for Gratis Allotment of Share Options

If the Company's Board of Directors resolves to make a gratis allotment of Share Options, it will also decide the Allotment Date in the same resolution and give public notice of this Allotment Date. In this case, the Company will make a gratis allotment of Share Options to shareholders, other than the Company, who are recorded in the Company's most recent register of shareholders on the Allotment Date (the "**Entitled Shareholders**") for one Share Option per share in the Company held by the Entitled Shareholders, as a general rule. All Entitled Shareholders will automatically become Share Option holders on the effective date of the gratis allotment of Share Options, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company's Board of Directors resolves to make a gratis allotment of Share Options, the Company may, by respecting any recommendation of the Independent Committee described above in section (e)(i) of 3.1, 'Procedures for Triggering the Plan,' to the maximum extent, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Share Options) cancel the gratis allotment of Share Options, or (ii) (from the effective date of the gratis allotment of Share Options and until the day immediately prior to the commencement date of the exercise period) acquire Share Options for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is possible that investors who have sold or bought the shares in the Company expecting to see such a dilution will suffer unexpected damage as a result of a fluctuation in the share price.

(ii) Procedures for Exercising Share Options

The Company will deliver, as a general rule, a document to be submitted upon the exercise of the Share Options (in the form prescribed by the Company and containing necessary matters such as the terms and number of Share Options for exercise and the exercise date for the Share Options, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Share Options, indemnity clauses and other covenants, and information necessary to record shares in the Company to be delivered to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Share Options to the Entitled Shareholders. After the gratis allotment of Share Options, the shareholders will be issued shares in the Company in a number equivalent to the Number of Subject Shares in exchange for each Share Option upon submitting these necessary documents during the exercise period of Share Options and by paying in the prescribed manner one yen per share for the Number of Subject Shares of the Share Options, as a general rule. The Non-Qualified Parties intending to exercise Share Options must follow the Company's separate determination in accordance with (g) of 3.3, 'Outline of the Countermeasures.'

If the Company's shareholders do not exercise their Share Options or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Share Options by other shareholders.

However, it is also possible for the Company to acquire the Share Options of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (iii) below. If the Company carries out such acquisition procedures, all shareholders other than Non-Qualified Parties will come to receive shares and the like in the Company without exercising their Share Options or paying an amount equivalent to the exercise price and, in principle, there will be no subsequent dilution of the shares in the Company they hold.

(iii) Procedures for the Acquisition of Share Options by the Company

If the Company's Board of Directors determines to acquire the Share Options, the Company will acquire the Share Options in accordance with the statutory procedures from the shareholders other than Non-Qualified Parties, on the date separately determined by the Company's Board of Directors and deliver shares in the Company in exchange for the Share Options. In this case, the shareholders concerned will come to receive shares in the Company in a number equivalent to the Number of Subject Shares as consideration for the acquisition by the Company of those Share Options, without paying the amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to provide information necessary to record shares in the Company to be delivered to the account of the Entitled Shareholders and submit, in the form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

If the Gratis Allotment Resolution provides for the matters relating to acquisition, including acquisition of the Share Options from the Non-Qualified Parties, the Company may take procedures in accordance with the provisions of the Gratis Allotment Resolution.

In addition, the Company will disclose information to or notify all of its shareholders with respect to the particulars of the allotment method, exercise method and method for acquisition by the Company after these matters are determined in the Gratis Allotment Resolution. The Company requests that shareholders check these details at that time.

#### **IV. Decisions and Reasoning by the Company's Board of Directors regarding Above Measures**

##### **1. Decisions and Reasoning regarding the Special Measures to Realize the Basic Policy (measures set out in II above)**

As set out in section II above, the Company has implemented such measures for enhancing the corporate value and such policies for strengthening its corporate governance practices, including the mid-term three-year management plan, as specific measures to continually and persistently enhance the Company's corporate value and, in turn, the common interests of the Company's shareholders. These measures will indisputably contribute to the realization of the Basic Policy.

Therefore, these measures comply with the Basic Policy and are consistent with the common interests of the Company's shareholders, and are not implemented for the purpose of maintaining the positions of the Directors and the Audit & Supervisory Board Members of the Company.

##### **2. Decisions and Reasoning regarding the Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by a Person Deemed Inappropriate under the Basic Policy (measures set out in III above)**

###### **2.1 The Plan Satisfies the Basic Policy**

The Plan is a mechanism to maintain the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company and for the Company's Board of Directors to present an alternative proposal to the shareholders, and by enabling the Board of Directors to negotiate with the Acquirer for the benefit of the shareholders when such Acquisition is made. As above, the Plan is in compliance with the Basic Policy.

###### **2.2 The Plan is not Detrimental to the Common Interests of the Shareholders and does not Aim to Maintain the Positions of Directors and Audit & Supervisory Board Members of the Company**

For the following reasons, the Company believes that the Plan is not detrimental to the common interests of the Company's shareholders, and that it does not aim to maintain the positions of the Directors and the Audit & Supervisory Board Members of the Company.

###### **(a) Satisfying the Requirements of the Guidelines for Takeover Response Policies**

The Plan satisfies all of the three principles set out in "Guidelines for Corporate Takeovers - Enhancing Corporate Value and Securing Shareholders' Interests-" released by the Ministry of Economy, Trade and Industry on August 31, 2023, namely, the principles of:

- corporate value and shareholders' common interests;
- respect for shareholders' intent; and
- transparency.

The Plan has also introduced details based on "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group established under the Ministry of Economy, Trade and Industry, the content of "Principle 1.5 Anti-Takeover Measures" in "Japan's Corporate Governance Code" revised by the Tokyo Stock Exchange on June 11, 2021, and other practice and discussion related to the takeover response policies, and in this way it is considered that the Plan is reasonable.

(b) Placing High Value on the Intent of Shareholders

The Company intends to ask for shareholders' approval at this General Meeting of Shareholders regarding adoption of the Plan in order to reflect the intent of the shareholders, as set out above in III.3.4, 'Procedures for the Introduction of the Plan.'

Further, as set out above in (g) of III.3.1, 'Procedures for Triggering the Plan,' the Company's Board of Directors will, in principle, confirm the intent of the shareholders regarding implementation of the Countermeasures at a general meeting of shareholders.

In addition, the Plan is subject to a so-called sunset clause setting the effective period of approximately three years after implementation and if, even before the expiration of the effective period of the Plan, the general meeting of shareholders or the Board of Directors of the Company resolves to abolish the Plan, the Plan will be abolished in accordance with that resolution. In this regard, the life of the Plan depends on the intent of the Company's shareholders.

(c) Information Disclosure

When operating the Plan, the Company will disclose information in a timely manner on matters that the Independent Committee or the Company's Board of Directors considers appropriate including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, that the Independent Committee Consideration Period has commenced, and that the Independent Committee Consideration Period has been extended), an outline of recommendations made by the Independent Committee, and an outline of resolutions by the Company's Board of Directors, in accordance with the applicable laws and ordinances or the rules of the financial instruments exchange. In this way, the Company ensures a structure under which the Plan is operated in a transparent way for the benefit of the corporate value of the Company and, in turn, the common interests of its shareholders.

(d) Emphasis on the Decisions of Independent Parties Such As Outside Directors and Obtaining the Advice of Third-Party Experts

The Company must obtain a recommendation from the Independent Committee, composed only of members who are independent such as Outside Directors, when making decisions for triggering the Plan.

Further, the Independent Committee may obtain advice from independent third-party experts at the Company's expense, which is a mechanism to even more securely enhance the fairness and objectivity of the decisions made by the Independent Committee.

(e) Establishment of Reasonable and Objective Requirements

As set out above at section (e) of III.3.1, 'Procedures for Triggering the Plan,' and section III.3.2, 'Requirements for Implementation of the Countermeasures,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's Board of Directors.

(f) No Dead-Hand or Slow-Hand Takeover Response Policy

The Plan is not a dead-hand takeover response policy (a takeover response policy in which even if a majority of the members of the Board of Directors are replaced, the triggering of the countermeasure cannot be stopped) because the Plan may be abolished through a resolution of the Board of Directors attended by the Directors elected at the Company's general meeting of shareholders. Also, as the term of office of the Company's Directors is one year and the

Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover response policy either (a takeover response policy in which triggering of countermeasures takes more time to stop due to the fact that all members of the Board of Directors cannot be replaced at once).

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## Attachment 1

### Outline of the Rules of the Independent Committee

- The Independent Committee shall be established by resolution of the Company's Board of Directors.
- There shall be no less than three members of the Independent Committee, and the Company's Board of Directors shall elect the members from (i) Outside Directors of the Company, (ii) Outside Audit & Supervisory Board Members of the Company and (iii) other experts who are independent from the management that executes the business of the Company. Such experts must be experienced corporate managers, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's Board of Directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
- Unless otherwise determined by a resolution of the Company's Board of Directors, the term of office of members of the Independent Committee will be until the conclusion of the annual general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of this General Meeting of Shareholders. Further, the term of office of any member of the Independent Committee who is an Outside Director or Outside Audit & Supervisory Board Member of the Company shall end at the same time that person loses his or her position as an Outside Director or Outside Audit & Supervisory Board Member (except in the case of their re-appointment).
- The Independent Committee shall make decisions on the matters listed below and make recommendations to the Company's Board of Directors containing the details of and reasons for the determination. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's Board of Directors shall carefully consider matters such as whether or not the Acquisition is detrimental to the corporate value of the Company and, in turn, the common interests of shareholders and make decisions on implementation or non-implementation of the Countermeasures as an organization under the Companies Act (however, if a resolution is otherwise adopted at a general meeting of shareholders with respect to implementation or non-implementation of the Countermeasures as set out in (i), the Board of Directors shall follow that resolution). Each member of the Independent Committee and each Director of the Company must make such decisions with a view to whether or not the corporate value of the Company and, in turn, the common interests of its shareholders will be enhanced, and they must not solely serve the purpose of their own interests or those of the management of the Company.
  - (i) The implementation or non-implementation of the Countermeasures.
  - (ii) The cancellation of the Countermeasures or acquisition of Share Options for no consideration.
  - (iii) Any other matters that are for determination by the Company's Board of Directors in respect to which it has consulted the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below.
  - (i) Determining whether the Acquisitions should be made subject to the Plan.
  - (ii) Determining the information that the Acquirer and the Company's Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information.
  - (iii) Examination and consideration of the terms of the Acquirer's Acquisitions.
  - (iv) Discussion and negotiation with the Acquirer.
  - (v) Request for an alternative proposal to the Company's Board of Directors and consideration of the alternative proposal.
  - (vi) Determination for extension of the Independent Committee Consideration Period.
  - (vii) Approval of revision or amendment of the Plan.
  - (viii) Determination whether or not a takeover response policy other than the Plan should be introduced.
  - (ix) Any other matters that the Plan prescribes that the Independent Committee may conduct.
  - (x) Any matters that the Company's Board of Directors separately determines that the Independent Committee may conduct.
- If the Independent Committee decides that the details stated in the Acquisition Document are inadequate as Essential Information, it will request that the Acquirer submit additional information. Further, if the Independent Committee receives from the Acquirer the Acquisition Document and any additional information that it requests, it may request that the Company's Board of Directors provide within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), any other information and the like that the Independent Committee may consider necessary.

- If it is necessary in order to have the terms of the Acquirer's Acquisition improved from the standpoint of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee shall directly or indirectly discuss and negotiate with the Acquirer, or present to shareholders the alternative plan of the Company's Board of Directors or conduct any similar action.
- In order to collect the necessary information, the Independent Committee may request the attendance of a Director, Audit & Supervisory Board Member or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- The Independent Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, certified public tax accountants, consultants and other experts) and conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- As a general rule, resolutions of meetings of the Independent Committee shall pass with a majority when all of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may pass with a majority when a majority of the members of the Independent Committee are in attendance.

---End---

## Attachment 2

### Profiles of the Members of the Independent Committee

The following three persons are scheduled to be the initial members of the Independent Committee upon introduction of the Plan.

Name:	Tojiro Aoyama	
	Outside Director of the Company	
Date of birth:	August 29, 1951	
Background:	Mar. 1979	Ph.D. in Engineering at Keio University
	Apr. 1988	Assistant Professor, Department of Mechanical Engineering, Faculty of Science and Technology, Keio University
	Apr. 1995	Professor, Department of Mechanical Engineering, Faculty of Science and Technology, Keio University
	Apr. 1996	Professor, Department of System Design Engineering, Faculty of Science and Technology, Keio University
	July 2009	Dean of Faculty of Science and Technology and Dean of Graduate School of Science and Technology, Keio University
	June 2015	External Director of DMG MORI CO., LTD.
	Mar. 2016	President of the Japan Society for Precision Engineering
	Mar. 2017	Outside Audit & Supervisory Board Member of the Company
	Apr. 2017	Professor Emeritus, Keio University
	May 2017	Vice President of Keio University
	Mar. 2019	Outside Director of the Company (current position)
	Aug. 2021	Chairperson of Keio Engineering Foundation (current position)
	Oct. 2023	Outside Audit & Supervisory Board Members of Sato Pharmaceutical Co., Ltd. (current position)

\* Mr. Tojiro Aoyama is an Outside Director of the Company as defined in Article 2, Item 15 of the Companies Act.

Name: Toru Kajikawa  
 Outside Audit & Supervisory Board Member of the Company

Date of birth: September 24, 1951

Background:

Oct. 1976	Joined Chuo Audit Corporation
Sept. 1979	Registered as a certified public accountant
May 1990	Audit & Supervisory Board Member of Kakiyasu Honten Co., Ltd.
Sept. 1990	Representative Partner of Taiyo Audit Corporation (currently Grant Thornton Taiyo LLC)
June 1997	Outside Audit & Supervisory Board Member of Kakiyasu Honten Co., Ltd. (current position)
July 2000	Managing Partner of Taiyo Audit Corporation (currently Grant Thornton Taiyo LLC)
Apr. 2005	Professor of Graduate School of Aoyama Gakuin University
Apr. 2010	Visiting Professor of Graduate School of Aoyama Gakuin University
June 2014	Outside Audit & Supervisory Board Member of Kikkoman Corporation (current position)
July 2014	Chairman and Representative Partner of Grant Thornton Taiyo ASG LLC (currently Grant Thornton Taiyo LLC)
Mar. 2017	Outside Audit & Supervisory Board Member of the Company (current position)
June 2023	Outside Director (Member of the Audit Committee) of Sompo Holdings, Inc. (current position)
July 2023	Chairman of Grant Thornton Taiyo LLC (current position)

\* Mr. Toru Kajikawa is an Outside Audit & Supervisory Board Member of the Company as defined in Article 2, Item 16 of the Companies Act.

Name: Tadashi Shimamoto  
Outside Director of the Company

Date of birth: February 8, 1954

Background:

Apr. 1976	Joined Nomura Computer Systems Co., Ltd. (currently Nomura Research Institute, Ltd.)
Apr. 2002	Senior Managing Director and Division Manager of Advanced Information Technology Division, Nomura Research Institute, Ltd.
Apr. 2004	Senior Corporate Managing Director, Division Manager of Advanced Information Technology Division, and Deputy Division Manager of Center for Knowledge Exchange & Creation, Nomura Research Institute, Ltd.
June 2008	Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Business Divisions, Nomura Research Institute, Ltd.
Apr. 2010	President & CEO, Representative Director, Member of the Board, Nomura Research Institute, Ltd.
Apr. 2015	Chairman and President & CEO, Representative Director, Member of the Board, Nomura Research Institute, Ltd.
Apr. 2016	Chairman, Member of the Board, Nomura Research Institute, Ltd.
June 2019	Member of the Board, Nomura Research Institute, Ltd.
June 2021	Special Advisor, Nomura Research Institute, Ltd.
June 2021	Director of Reading Skill Test, Inc. (current position)
Mar. 2022	Outside Director of the Company (current position)
July 2022	Member of Public Interest Body of PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC) (current position)
June 2023	Outside Director of Seiko Epson Corporation (current position)

\* Mr. Tadashi Shimamoto is an Outside Director of the Company as defined in Article 2, Item 15 of the Companies Act.

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## Schedule

### Major Shareholders of the Company (as of December 31, 2024)

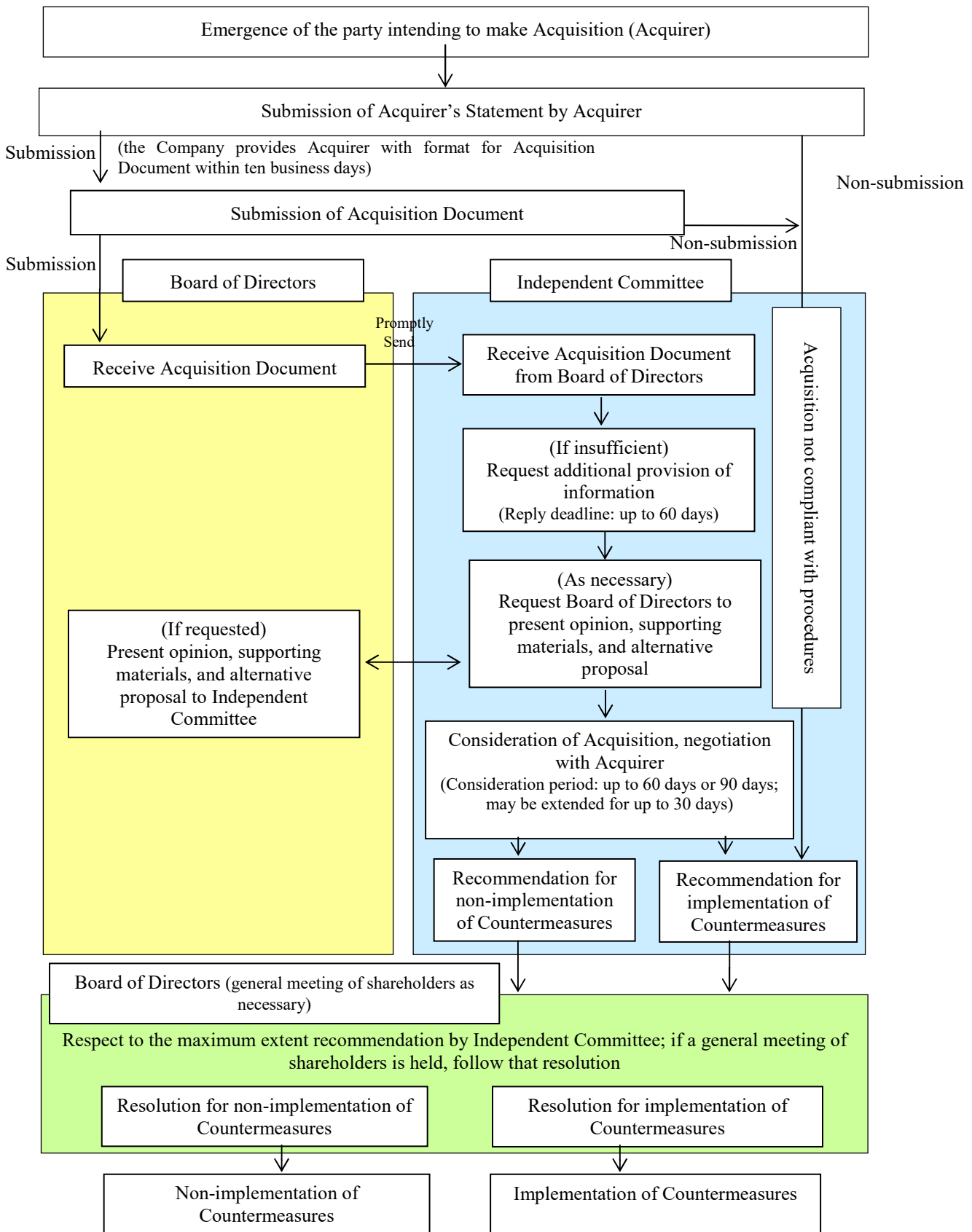
Name of Shareholders	Number of Shares Held (hundred shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,238	5.59
The Bank of Yokohama, Ltd.	28,319	4.91
Custody Bank of Japan, Ltd. (Trust Account)	28,172	4.88
Mitsubishi Pencil Business Association	24,436	4.23
Sumitomo Mitsui Banking Corporation	24,077	4.17
Sumitomo Mitsui Trust Bank, Limited	23,750	4.11
DAIDO LIFE INSURANCE COMPANY	23,440	4.06
Mitsui Sumitomo Insurance Company, Limited	17,127	2.96
Aioi Nissay Dowa Insurance Co., Ltd.	17,127	2.96
Meiji Yasuda Life Insurance Company	16,195	2.80

\* In addition to the above, the Company holds 33,745 hundred treasury shares. Also, the “Shareholding Ratio” described above is calculated after deducting the number of treasury shares held by the Company from the total number of issued shares.

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Reference

**Outline of Procedures for Large-Scale Acquisitions of Shares in the Company**



Note: This chart states the outline of the procedures for the Plan. Please refer to the main text for further details.

### <Shareholder Proposals>

Proposals No. 6 to No. 8 are proposals from a single shareholder (“the Proposing Shareholder”).

The following outline of the proposals and reasons for the proposals are presented in the original form submitted by the Proposing Shareholder.

#### **Proposal No. 6**      Revision of the Amount of Remuneration Under the Restricted Share Remuneration System

(1) Outline of the Proposal

To grant monetary compensation claims for the grant of restricted shares under the restricted share compensation plan (the “Plan”), the amount of compensation to Directors (excluding External Directors and Directors who are members of the Audit and Supervisory Committee) who are subject to the Plan shall be set separately from the annual amount of base salary and shall not exceed 440 million yen in total per year, and the maximum number of shares to be granted shall be 176,000 shares. In addition, to grant monetary compensation claims for the grant of restricted shares, the amount of compensation to External Directors and Directors who are members of the Audit and Supervisory Committee subject to the Plan shall be set at a total annual amount not exceeding 60 million yen, and the maximum number of shares to be granted shall be 24,000 shares. The Board of Directors shall determine the specific timing and allocation of payment.

(2) Reason for the Proposal

At the Company’s 145th Ordinary General Meeting of Shareholders held in March 26, 2020, a resolution was passed to set the annual total amount of compensation for the grant of restricted stock to Directors (excluding External Directors) at JPY 100 million or less, but this amount is extremely small, and since External Directors are excluded from the Eligible Directors, it cannot be said that the purpose of the restricted stock compensation system, i.e., the alignment of interest between Directors and shareholders, is sufficiently promoted.

Looking at the actual grant results for the Company’s 149th fiscal year (from January 1, 2023 to December 31, 2023), restricted stock compensation was equivalent to JPY 27 million compared to the fixed compensation of JPY 226 million, which is only 11.95% of

the fixed compensation. At this pace, it will take approximately 25 years to reach three times the amount of fixed remuneration, which is considered to be a standard for effective stock remuneration to align interest between Directors and shareholders. For the purpose of alignment of interest between Directors and shareholders, restricted stock compensation is meaningless unless it is granted during a Director’s term of office, but since it cannot be based on a 25-year term of office, a certain amount must be granted in a shorter period of time.

In addition, we believe that the Company should establish stock ownership guidelines for the restricted stock compensation plan and set the target for acquisition of the Company’s own shares by Directors during their term of office at an amount equivalent to three times the fixed base compensation, and disclose the status of acquisition of the Company’s own shares by individual Directors in the corporate governance report submitted to the Tokyo Stock Exchange by the Company.

### <Opinion of the Board of Directors of the Company>

The Board of Directors opposes this Shareholder Proposal (Proposal No. 6).

The Company’s director remuneration system is designed based on the fundamental policy of ensuring a remuneration level that enables the Company to secure and retain the necessary management personnel. Under that policy, remuneration is structured according to the nature of each director’s duties. For executive directors, it serves as an incentive to drive medium- to long-term corporate value enhancement, while for outside directors, it is aligned with their respective duties.

The remuneration structure for the Company’s directors (excluding outside directors) consists of basic salary, bonuses, and share remuneration. The Company has introduced the Restricted Share Remuneration System with the aim of providing incentives to enhance the Company’s medium- to long-term performance and sustain corporate value growth, while also promoting greater alignment of interests with shareholders. Furthermore, the remuneration structure for outside directors consists solely of the basic salary, as outside directors are responsible for overseeing the execution of duties by the Company’s executives.



The Company has established a Nominating and Remuneration Committee, in which outside directors and outside audit & supervisory board member, who are independent board members, constitute the majority of members. That committee is intended to ensure objectivity and transparency in decisions regarding directors' remuneration. The design of the directors' remuneration system is determined by the Board of Directors based on advice from the Nominating and Remuneration Committee. Additionally, when determining the details of the remuneration of an individual director, the Nominating and Remuneration Committee conducts a comprehensive review, including assessing consistency with the aforementioned policy. The Board of Directors and the Representative Director make decisions while respecting the results of deliberations by the Nominating and Remuneration Committee.

The Company's directors' remuneration system is determined by taking into account factors such as the Company's performance and operations, as well as economic conditions and the remuneration levels of other companies in the same industry and of similar size. Under that system, the shareholder proposal to set, separately from the annual amount of base salary and to grant monetary compensation claims for the grant of restricted shares, the maximum amount of compensation to directors (excluding outside directors) at 440 million yen in total per year and the maximum number of shares to be granted at 176,000 shares, and the maximum amount of compensation to outside directors at 60 million yen in total per year and the maximum number of shares to be granted at 24,000 shares is an excessively large remuneration limit that lacks balance at this time given the Company's size and performance level, and the remuneration levels of companies in the same industry and of similar size. Additionally, with respect to the grant of restricted share remuneration to outside directors, the Company believes that such a grant may not be appropriate given that outside directors are responsible for overseeing the execution of duties by the Company's executives.

The Board of Directors therefore opposes this Shareholder Proposal (Proposal No. 6).

## **Proposal No. 7**      Acquisition of Treasury Stock

### (1) Outline of the Proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act, within one year from the conclusion of this Ordinary General Meeting of Shareholders, the Company will acquire up to 6,168,000 shares of its common stock for a total acquisition price of 15,420,000,000 yen by means of cash payment.

### (2) Reason for the Proposal

The Company's stock price has been stagnant during 2024. The Company has approximately 52.1 billion yen in cash and 23.8 billion cross holdings, and its capital efficiency is inadequate. Therefore, in order to further increase the Company's shareholder return and improve capital efficiency, we believe that the Company should adopt measures to acquire approximately 10% of its total outstanding shares as treasury stock and cancel such treasury stock under Article 178 of the Companies Act.

### <Opinion of the Board of Directors of the Company>

The Board of Directors opposes this Shareholder Proposal (Proposal No. 7).

Under its corporate philosophy that “the finest quality is the best service,” the Company believes that a manufacturer's mission is to continuously refine its technological capabilities and bring new products to market. Based on this belief, the Company has long allocated approximately 5% of its net sales to research and development investments aimed at new product development and quality improvement. As a result, the Company has been able to continuously bring high-value-added, high-quality products to market. This approach has allowed the Company to develop hit products that have contributed to sustained sales over the long term. The Company's products are not brought to market within a single year or just a few years; rather, they are the result of long-term research and development efforts. The Company operates under a business model that requires significant time from development to commercialization, which is one of its defining characteristics.

The Company views its ability to develop new products—made possible by sustained long-term investment in research and development—as the foundation of its growth. For this reason, its financial and capital strategies are designed with a long-term perspective spanning several decades.

The Company has also continuously paid dividends for 77 years since 1948. Moreover, during a span of 22 years from 2002 to 2024, the Company has maintained a progressive dividend policy without any reductions. The Company has also increased its dividends for 15 consecutive years since 2010. Additionally, the Company has continuously conducted share buybacks, as noted in the [Reference] section below. The shareholder return target of at least 7.5 billion yen set in the “Medium-Term Management Plan 2022–2024” has also been significantly exceeded, reaching 10.5 billion yen. In this way, the Company is steadily implementing both growth investments aimed at its envisioned future and shareholder returns.

The Company maintains cross-shareholdings as part of its business strategy for purposes such as ensuring stable and continuous financial relationships, securing financing, forming business alliances, maintaining and strengthening business relationships, and ensuring stable procurement of raw materials. In addition, even in cases where there is no direct business relationship, the Company might hold shares if it determines, from a medium- to long-term perspective, that those holdings are necessary from the perspective of the development and growth of its business. The Board of Directors conducts an annual review of those holdings, and the Company continues to hold shares only if it determines that doing so continues to be reasonable based on the results of those reviews.

While the Company is implementing the above growth investments and shareholder return initiatives, the proposed acquisition of treasury stock at approximately 15 billion yen within one year under the shareholder proposal could undermine the financial resources for growth investments and hinder the sustainable enhancement of the Company's medium- to long-term corporate value. As a result, the Company has determined that this proposal would not be in the best interests of its shareholders. The Company believes that the acquisition of treasury stock should not be carried out based on the timing and amount specified in the shareholder proposal but should instead be conducted by taking a comprehensive approach that considers factors such as performance, financial conditions, and share price levels.

The Board of Directors therefore opposes this Shareholder Proposal (Proposal No. 7).

[Reference] Status of Treasury Stock Acquisitions by the Company

	2020	2021	2022	2023	2024
Shares Acquired (shares)	289,300	141,100	958,900	660,600	643,700
Acquisition Amount (million yen)	451	174	1,257	925	1,540

**Proposal No. 8**      Amendment to the Articles of Incorporation With Respect to Number of External Directors

(1) Outline of Proposal

Article 19 of the Company's Articles of Incorporation shall be amended as follows in order to have a majority of the Company's External Directors.

Before Amendment

Article 19 Number of Directors

1. The number of Directors of the Company shall be eleven (11) or less.
2. (Newly established)

After Amendment

Article 19 Number of Directors

1. The number of Directors of the Company shall be eleven (11) or less.
2. A majority of the Company's Directors shall be External Directors as defined in Article 2, Paragraph 1, Item 15 of the Companies Act.

(2) Reason for the Proposal

Principle 4-8 of the Corporate Governance Code states that "Independent external directors should fulfill their roles and responsibilities so as to contribute to the sustainable growth of the company and the enhancement of its corporate value over the medium to long term. Prime market listed companies should appoint at least one-third or more independent external directors with sufficient such qualities. Notwithstanding the above, Prime Market listed companies that consider it necessary to appoint a majority of independent external directors by comprehensively taking into account the industry, size, business characteristics, institutional design, and environment surrounding the company should appoint a sufficient number of independent external directors. In addition, Principle 4-7 of the Corporate Governance Code states that one of the roles and responsibilities of independent external directors is to "appropriately reflect the opinions of minority shareholders and other stakeholders in the Board of Directors from a standpoint that is independent of management and controlling shareholders."

Although the Company has three external directors out of nine directors, which satisfies the requirement of one-third or more, we believe that the Company can improve capital efficiency, return profits to shareholders, and establish a governance structure that contributes to the Company's sustainable growth and medium to long-term corporate value by more proactively having a majority of external directors on the Board.

In addition to the number of external directors, we believe that the qualifications of external directors should be such that they can contribute to the Company's sustainable growth and medium to long-term improvement of corporate value, and in this regard, the Company should consider appointing equity analysts with a high level of experience and skills. The appointment of "highly experienced and skilled equity analysts" will bring the perspective of outside investors and shareholders to the Board of Directors, and at the same time, we believe it is an effective means of contributing to the enhancement of corporate value through sound risk-taking. Although the Boards of Directors of listed companies and investors/shareholders share the same goal of increasing corporate value over the long term, unfortunately in Japan, the two are often viewed as adversaries. We believe that having directors with the experience and skills mentioned above participate in Board discussions and decision-making will help to make the relationship between the Board and the stock market more constructive through sound risk-taking and capital allocation, as well as better communication with the market. It is often explained that bankers and accountants are responsible for the finance portion of the Board's skill matrix, but from the perspective of promoting "sound risk-taking," we believe that expertise in accounting and debt markets alone is not sufficient, and that is where the appointment of equity market professionals is significant.

<Opinion of the Board of Directors of the Company>

The Board of Directors opposes this Shareholder Proposal (Proposal No. 8).

The Company has established a Nominating and Remuneration Committee to ensure objectivity and transparency in the nomination of directors and decisions regarding their remuneration. Matters related to director nomination proposals submitted to General Meetings of Shareholders, the appointment of the Representative Director and directors with titles, as well as the nomination of other directors and delegated executive officers, are determined by the Board of Directors based on advice from the Nominating and Remuneration Committee. Additionally, the Nominating and Remuneration Committee is structured so that a majority of the directors who are members are outside directors who are independent directors. To further strengthen external perspectives, independent outside audit & supervisory board members also serve as committee members.

The Company believes that it is important for the Board of Directors to be composed in a well-balanced manner with members who possess sufficient knowledge, experience, and capabilities. Candidates for director are appointed while considering the balance of those skills and diversity. When nominating candidates for internal director, the Company considers factors such as outstanding character, extensive experience and knowledge, expertise, management capabilities, and a strong sense of ethics. Candidates are appointed while ensuring balance and diversity across the Board of Directors as a whole. For outside directors, the Company appoints candidates who possess knowledge, experience, and expertise in corporate management and who can contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value. At the Ordinary General Meeting of Shareholders, the Company will designate four out of the nine proposed director candidates as outside director candidates.

The Company's Board of Directors is composed of internal directors who have extensive experience, expertise, and deep familiarity with the Company's operations, along with multiple outside directors who possess knowledge, experience, and expertise in corporate management. The Company believes that the Board is structured with an appropriate number of members to ensure a balanced mix of skills and diversity, allowing for active discussions.

As explained above, the Board of Directors, composed of the director candidates proposed by the Company, maintains sufficient independence and is optimally structured with members who possess sufficient knowledge, experience, and capabilities. The Company believes that it has already established a governance structure that contributes to its sustainable growth and the enhancement of its medium- to long-term corporate value, without the need to amend the Articles of Incorporation as proposed in the Shareholder Proposal. On the other hand, establishing a provision in the Articles of Incorporation as proposed in the Shareholder Proposal could instead limit the range of director candidates and potentially hinder the ability to evaluate and structure the optimal Board of Directors as needed in the future.

The Board of Directors therefore opposes this Shareholder Proposal (Proposal No. 8).