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(Securities Code: 5302)

March 6, 2024

To Our Shareholders:

Takafumi Miyashita  
Representative Director, CEO  
**Nippon Carbon Co., Ltd.**  
10-7, Hatchobori, 1-chome, Chuo-ku, Tokyo

## Notice of the 165th Annual General Meeting of Shareholders

You are cordially notified of the 165th Annual General Meeting of Shareholders of Nippon Carbon Co., Ltd. (the “Company”), which will be held as indicated below.

When convening the General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of the Reference Documents for General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format. Please refer to them by accessing either of the following Internet websites where the information is available.

[The Company’s website]

<https://www.carbon.co.jp/english/topics/>

(Please access the above website and select “Notice of the 165th Annual General Meeting of Shareholders” and then “Matters subject to measures for electronic provision upon convocation of the 165th Annual General Meeting of Shareholders” to view the information.)

[Tokyo Stock Exchange’s website (Listed Company Search)]

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

(Access the above Tokyo Stock Exchange’s website, enter “Nippon Carbon” in “Issue name (company name)” or the Company’s securities code “5302” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” review the information by selecting the button under the “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting.”)

If you will not be attending the meeting in person, you may exercise your voting rights via the Internet or in writing (via postal mail). Please review the Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Wednesday, March 27, 2024 (JST).

- 1. Date and Time:** Thursday, March 28, 2024, at 10:00 a.m. (JST)  
(Reception starts at 9:00 a.m.)
- 2. Venue:** 8th Floor Conference Room 801 at Tekko Kaikan  
2-10, Nihonbashi-kayabacho 3-chome, Chuo-ku, Tokyo

### 3. Purpose of the Meeting:

#### Matter to be reported:

The Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements for the 165th fiscal year (from January 1, 2023 to December 31, 2023), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

#### Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Four Directors
- Proposal No. 3:** Election of Two Audit & Supervisory Board Members
- Proposal No. 4:** Election of One Substitute Audit & Supervisory Board Member
- Proposal No. 5:** Election of Accounting Auditor
- Proposal No. 6:** Renewal of Countermeasures against Large-scale Purchases of Company Shares (Takeover Defense Measures)

### 4. Instructions for Exercising Voting Rights:

- (1) If no indication is made in the voting form, the vote shall be deemed as an intention of approval.
- (2) If you intend to exercise your voting rights by proxy, it is possible to delegate one other shareholder with voting rights. Please have your proxy submit a written document (a proxy statement, etc.) certifying the authority of proxy.
- (3) Because the System for Ensuring Properness of Operations and Outline of Its Operating Status, the Basic Policy on Control of the Stock Company, the Consolidated Statements of Changes in Equity, the Notes to Consolidated Financial Statements, the Non-consolidated Statements of Changes in Equity, and the Notes to Non-consolidated Financial Statements, which are matters subject to measures for electronic provision, are reported on the Company's website (<https://www.carbon.co.jp/english/topics/>) and the Tokyo Stock Exchange's website (<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>) in accordance with the provisions of laws and regulations and Article 17, paragraph 2 of the Articles of Incorporation, they are not provided in the documents sent to you. In addition, these documents are included in the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, which have been audited by Audit & Supervisory Board Members to prepare the audit report and by Accounting Auditor to prepare the accounting audit report.
- (4) If any change is made to the matters subject to measures for electronic provision, a notice of the change and the details of the matters before and after the change will be posted on the Company's website (<https://www.carbon.co.jp/english/topics/>) and Tokyo Stock Exchange's website (<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>).

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If you attend the meeting in person, please present the voting form sent together with this notice at the reception desk upon your arrival at the meeting.

## Reference Documents for General Meeting of Shareholders

### Proposals and Reference Information

#### **Proposal No. 1:** Appropriation of Surplus

The Company attaches importance to the return of profits to shareholders, and proposes a year-end dividend for the 165th fiscal year as follows, in accordance with its basic policy of paying long-term, stable dividends, while also taking internal reserves into consideration.

Year-end dividends

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and their aggregate amount  
¥100 per common share of the Company  
Total dividends: ¥1,110,348,700
- (3) Effective date of dividends of surplus  
March 29, 2024

**Proposal No. 2: Election of Four Directors**

The terms of office of all four Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of four Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Takafumi Miyashita (February 8, 1964)	<p>June 1992      Joined the Company</p> <p>Jan. 2011      Corporate Officer; General Manager, FC Sales Division I, Sales Department; and Branch Manager, Osaka Branch</p> <p>Nov. 2011      Corporate Officer; General Manager, FC Sales Division I and General Manager, FC Sales Division II, Sales Department; and Branch Manager, Osaka Branch</p> <p>Jan. 2012      Corporate Officer; Assistant Senior General Manager, Sales Department; General Manager, FC Sales Division I; and General Manager, FC Sales Division II</p> <p>Mar. 2012      Director; Assistant Senior General Manager, Sales Department; General Manager, FC Sales Division I; and General Manager, FC Sales Division II</p> <p>Jan. 2013      Director; Senior General Manager, Sales Department; General Manager, FC Sales Division I; and General Manager, FC Sales Division II</p> <p>Sept. 2013     Director; Senior General Manager, Sales Department; and General Manager, FC Sales Division I</p> <p>Jan. 2015      Managing Director; Senior General Manager, Sales Department; and General Manager, FC Sales Division</p> <p>Jan. 2016      Senior Managing Director and Senior General Manager, Sales and Corporate Planning Department</p> <p>Jan. 2017      Representative Director, CEO (incumbent) (to present)</p>	2,600
<p>(Reasons for nomination as candidate for Director)</p> <p>Since joining the Company, Takafumi Miyashita has accumulated wide-ranging experience in sales departments, and has played a central role in business expansion. In addition, he has also led overseas business expansion, the formulation of management plans, and other initiatives as the leader of planning departments. The Company has judged that he will be able to utilize his experience and achievements in the management of the Company, and has therefore nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Akira Urano (February 23, 1965)	<p>Apr. 1990      Joined the Company</p> <p>Jan. 2013      Corporate Officer; Deputy Plant Manager, Shiga Plant, Production Engineering Department; and General Manager, Production Department</p> <p>Mar. 2014      Corporate Officer and Laboratory Manager, Production Engineering Department</p> <p>Jan. 2015      Corporate Officer; Laboratory Manager, Production Engineering Department; and General Manager, Development Department</p> <p>Mar. 2020      Corporate Officer; General Manager, Business Reform Promotion Unit; and Laboratory Manager</p> <p>Mar. 2022      Managing Executive Officer and General Manager, Business Reform Promotion Unit</p> <p>Mar. 2023      Managing Executive Officer and General Manager, Electrode Business Unit</p> <p>May 2023      Senior Managing Executive Officer and General Manager, Electrode Business Unit (incumbent) (to present)</p>	100
<p>(Reasons for nomination as candidate for Director)</p> <p>Since joining the Company, Akira Urano has accumulated wide-ranging experience in manufacturing, research and development, business reform, and sales departments, and has spearheaded new product development and business reforms. The Company has judged that he will be able to utilize his experience, achievements, and insight in the management of the Company, and has therefore nominated him as a candidate for Director.</p>			
3	<p style="text-align: center;">Outside Independent officer</p> <p>Takeo Kato (November 3, 1952)</p>	<p>Apr. 1975      Joined ULVAC, Inc. (formerly Japan Vacuum Engineering Co., Ltd.)</p> <p>Sept. 2006      Director</p> <p>July 2013      President and Chief Executive Officer of ULVAC TOHOKU, Inc.</p> <p>Sept. 2018      Advisor of ULVAC, Inc.</p> <p>Mar. 2020      Outside Director of the Company (incumbent) (to present)</p>	0
<p>(Reasons for nomination as candidate for outside Director and overview of expected roles)</p> <p>The Company has nominated Takeo Kato as a candidate for outside Director in order for him to utilize his abundant experience and superior insight in corporate management and a wide range of other fields in the management of the Company from an objective standpoint, and thus increase corporate value and further enhance corporate governance.</p>			
4	<p style="text-align: center;">Outside Independent officer</p> <p>Yuriko Katayama (December 14, 1974)</p>	<p>Oct. 2000      Registered as attorney</p> <p>Apr. 2005      Registered as attorney in New York State</p> <p>Sept. 2009      Established Takahashi &amp; Katayama Legal Office</p> <p>Apr. 2010      Commissioned to Office of International Affairs, Japan Federation of Bar Associations</p> <p>Sept. 2020      Director, Office of International Affairs, Japan Federation of Bar Associations</p> <p>Mar. 2022      Outside Director of the Company (incumbent) (to present)</p>	0
<p>(Reasons for nomination as candidate for outside Director and overview of expected roles)</p> <p>Yuriko Katayama does not have prior experience of participating in corporate management, but the Company has nominated her as a candidate for outside Director in order for her to utilize her expert knowledge, experience, etc., as an attorney in the management of the Company from an objective standpoint, and thus increase corporate value and further enhance corporate governance.</p>			

- (Notes)
1. Akira Urano is a new candidate for Director.
  2. There is no special interest between any of the candidates for Director and the Company.
  3. Takeo Kato and Yuriko Katayama are candidates for outside Director. Furthermore, the Company has submitted notification to Tokyo Stock Exchange that both have been designated as an independent officer as provided for by the aforementioned exchange. If both are reelected as outside Director, the Company intends to continue their designation as an independent officer.
  4. Takeo Kato and Yuriko Katayama currently serve as outside Director of the Company, and the term of office as outside Director of the Company will be four years for Takeo Kato and two years for Yuriko Katayama as of the conclusion of this meeting.
  5. The Company has entered into an agreement with Takeo Kato and Yuriko Katayama to limit their liability for damages as provided for in Article 423, paragraph (1) of the Companies Act, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If Takeo Kato and Yuriko Katayama are reelected as outside Director, the Company plans to renew the aforementioned agreement with them.
  6. The Company has entered into a directors and officers liability insurance agreement with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance contract will cover losses caused by claims for damages made against insured parties and litigation expenses arising as a result of such claims for damages. If each candidate for Director is elected and appointed, he or she will be included in the insured parties under this insurance agreement.

< Reference > Management Structure After Election

Name	Attributes	Abilities held by Director						
		Corporate management	Management planning	Global	Legal affairs and governance	Sales	Manufacturing and engineering	Research and development
Takafumi Miyashita	Inside	●	●	●		●		
Akira Urano	Inside	●	●	●		●	●	●
Takeo Kato	Outside Independent	●	●				●	
Yuriko Katayama	Outside Independent			●	●			

**Proposal No. 3: Election of Two Audit & Supervisory Board Members**

At the conclusion of this meeting, the term of office of Audit & Supervisory Board Members Atsushi Miyazaki and Yoshikazu Tanaka will expire. Therefore, the Company proposes the election of two Audit & Supervisory Board Members.

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

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

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Mitsuhiro Kinoshita (January 8, 1958)	Apr. 1981 Joined the Company Jan. 2013 Corporate Officer and General Manager, Electrode Sales Division, Sales Department Jan. 2017 Corporate Officer; General Manager, Electrode & RESBON Sales Department; and Branch Manager, Osaka Branch Jan. 2018 Corporate Officer and General Manager, RESBON Sales Department Mar. 2019 Director, Nippon Carbon Engineering Co., Ltd. Jan. 2021 Director and Vice President Mar. 2022 Representative Director and President (to present)	100
2	<u>Outside</u> <u>Independent officer</u> Yoshikazu Tanaka (December 1, 1947)	Apr. 1971 Joined the Company Mar. 2006 Director Mar. 2009 Retired as Director Mar. 2022 Outside Audit & Supervisory Board Member (incumbent) (to present)	0
(Reasons for nomination as candidate for outside Audit & Supervisory Board Member) Yoshikazu Tanaka has participated in the management of the Company and its subsidiaries and associates, and possesses abundant experience and wide-ranging insight as a manager. The Company has thus nominated him as a candidate for outside Audit & Supervisory Board Member based on its judgment that he is a suitable person to strengthen the audit system of the Company.			

- (Notes)
- Mitsuhiro Kinoshita is a new candidate for Audit & Supervisory Board Member.
  - There is no special interest between any of the candidates for Audit & Supervisory Board Member and the Company.
  - Yoshikazu Tanaka is a candidate for outside Audit & Supervisory Board Member. He has served as Director of the Company and subsidiaries of the Company, but as he satisfies all of the criteria prescribed in Article 2, item (xvi) of the Companies Act, the Company has nominated him as a candidate for outside Audit & Supervisory Board Member. Furthermore, the Company has submitted notification to Tokyo Stock Exchange that Yoshikazu Tanaka has been designated as an independent officer as provided for by the aforementioned exchange. If he is reelected as outside Audit & Supervisory Board Member, the Company intends to continue his designation as an independent officer. He has served as Director of the Company and subsidiaries of the Company, but a considerable time has passed since he retired. Since a relationship has not been continued after he retired, he is not in conflict with the Tokyo Stock Exchange's criteria for independence, nor does he fall under the criteria requiring additional disclosure. Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders.
  - Yoshikazu Tanaka currently serves as outside Audit & Supervisory Board Member of the Company, and the term of office as outside Audit & Supervisory Board Member of the Company will be two years as of the conclusion of this meeting.
  - The Company has entered into an agreement with Yoshikazu Tanaka to limit his liability for damages as provided for in Article 423, paragraph (1) of the Companies Act, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. In addition, if he is elected as outside Audit & Supervisory Board Member, the Company plans to renew the aforementioned agreement with him.
  - The Company has entered into a directors and officers liability insurance agreement with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance contract will cover losses caused by claims for damages made against insured parties and litigation expenses arising as a result of such claims for damages. If the candidates for Audit & Supervisory Board Member are elected and assume office, they will be included in the insured parties under this insurance agreement.



**Proposal No. 4: Election of One Substitute Audit & Supervisory Board Member**

The effectiveness of the election of substitute Audit & Supervisory Board Member Chihiro Kawai, who was elected at the 164th Annual General Meeting of Shareholders held on March 29, 2023, will expire at the beginning of this meeting. Accordingly, the Company proposes the election of one substitute Audit & Supervisory Board Member to prepare for cases when the number of Audit & Supervisory Board Members falls below the number set forth in laws and regulations.

In addition, 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 and position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
<p style="text-align: center;"><u>Outside</u> <u>Independent officer</u></p> <p>Chihiro Kawai (June 14, 1973)</p>	<p>Apr. 1997 Registered as a certified public accountant</p> <p>July 2006 Registered as a tax accountant</p> <p>July 2006 Established Chihiro Kawai Accounting Office (currently known as Bayside Partners Accounting Office)</p> <p>June 2016 Established Bayside Partners Co., Ltd. and becomes its representative director (incumbent)</p> <p>June 2021 Outside auditor of Utoc Corporation (to present)</p>	0
<p>(Reasons for nomination as candidate for substitute outside Audit &amp; Supervisory Board Member)</p> <p>Chihiro Kawai possesses abundant experience and wide-ranging insight as a certified public accountant and certified public tax accountant, and is not in conflict with the Tokyo Stock Exchange's criteria for independence. The Company has judged that she will be able to appropriately execute her duties as outside Audit &amp; Supervisory Board Member, and has therefore nominated her as a candidate for substitute outside Audit &amp; Supervisory Board Member.</p>		

- (Notes)
1. There is no special interest between the candidate for substitute Audit & Supervisory Board Member and the Company.
  2. Chihiro Kawai is a candidate for substitute outside Audit & Supervisory Board Member. If Chihiro Kawai is appointed as Audit & Supervisory Board Member, the Company intends to submit notification to Tokyo Stock Exchange that Chihiro Kawai has been designated as an independent officer as provided for by the aforementioned exchange.
  3. If Chihiro Kawai assumes the office of Audit & Supervisory Board Member, the Company plans to enter into an agreement with her to limit her liability for damages under Article 423, paragraph (1) of the Companies Act, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
  4. The Company has entered into a directors and officers liability insurance agreement with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This insurance contract will cover losses caused by claims for damages made against insured parties and litigation expenses arising as a result of such claims for damages. If Chihiro Kawai is appointed as Audit & Supervisory Board Member, she will be included in the insured parties under this insurance agreement.

**Proposal No. 5: Election of Accounting Auditor**

The current Accounting Auditor, Deloitte Touche Tohmatsu LLC, will retire upon the expiration of their term of office at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company requests the approval of the election of Gyosei & Co. as the successor Accounting Auditor based on the decision of the Audit & Supervisory Board.

Gyosei & Co. was selected as the candidate for Accounting Auditor by the Audit & Supervisory Board based on several considerations. The appointment of Gyosei & Co. is expected to bring a fresh perspective to the auditing process. Furthermore, the Audit & Supervisory Board has deemed the firm suitable for the role after comprehensive consideration of its independence, size, audit track record, international network, and quality control system.

The name, principal place of business, and history of the candidate for Accounting Auditor are as follows.

Name:	Gyosei & Co.		
Principal place of business:	Tokyu Bancho Bldg., 6 Yonbancho, Chiyoda-ku, Tokyo		
History	Sept. 1990	Established as Hokuto & Co.	
	Oct. 1999	Merged with Tokyo Akasaka Audit LLC and renamed Tokyo Hokuto & Co.	
	Aug. 2001	Joined Nexia International	
	Oct. 2006	Merged with Serizawa Corporation and renamed Gyosei & Co.	
	July 2011	Merged with Meicho Audit Corporation	
	July 2014	Merged with Meiwa & Co.	
Profile (as of June 30, 2023)	Capital		182.00 million yen
	Workforce	Certified Public Accountants (Partners)	262 (55)
		Assistant Accountants and passers of the certified public accountants examination	87
		Specialists in IT and other areas, and assistants	25
		Other	26
	Total	400	
Client Companies	Audits under the Financial Instruments and Exchange Act or the Companies Act (listed companies)	114 (111)	
	Other audits	167	

**Proposal No. 6: Renewal of Countermeasures against Large-scale Purchases of Company Shares (Takeover Defense Measures)**

With the approval of the shareholders at the 164th Annual General Meeting of Shareholders held on March 29, 2023, the Company has introduced its countermeasures against large-scale purchases of the shares or other equity securities of the Company that are found to be contrary to the enhancement of the corporate value of the Company and the realization of the interests of not only the Company, but also the common interests of the shareholders (takeover defense measures). The countermeasures will expire at the conclusion of this Annual General Meeting of Shareholders.

The Company has decided to renew the countermeasures against large-scale purchases of Company shares (takeover defense measures) by unanimous consent of the Company's Directors at the Board of Directors meeting held on February 9, 2024, subject to the shareholders' approval at the Annual General Meeting of Shareholders.

At the Board of Directors meeting that the above-mentioned decision was made, the Audit & Supervisory Board expressed its opinion that it has no objection to the renewal of the countermeasures against large-scale purchases of Company shares (takeover defense measures) on the condition that the specific operation of the countermeasures against large-scale purchases of Company shares (takeover defense measures) is implemented properly.

Based on the above, the Company requests that shareholders approve the renewal of the countermeasures against large-scale purchases of Company shares (takeover defense measures). In addition, the details of the countermeasures against large-scale purchases of Company shares (takeover defense measures) are indicated in the attachment below.

(Attachment)

## **Countermeasures against Large-scale Purchases of Company Shares (Takeover Defense Measures)**

1. Efforts to enhance the Company's corporate value and realize its interests, and eventually the shareholders' common interests

- (1) Source of the Company's corporate value

The source of the Company's corporate value lies in (i) the comprehensive technical capabilities relating to carbon products based on the experience and know-how that the Company has accumulated as a pioneer and leading company in the Japanese carbon industry since its establishment in 1915, (ii) a broad range of high-quality and high-performance products that can meet a wide variety of customer needs by utilizing the superior properties of carbon, such as artificial graphite electrodes, carbon speciality products, carbon fiber composite materials, RESBON products, anode materials for lithium-ion batteries, and silicon carbide continuous fibers, (iii) the strong and long-term relationships of trust with its business partners, (iv) the cutting-edge and creative product development capabilities based on the full utilization of personnel with unique technologies, and (v) the sound financial position.

- (2) Strengthening of corporate governance initiatives

The board of directors of the Company (the "Board") is responsible for decision-making and supervising the execution of business by the directors of the Company (the "Directors"). In order to ensure speedy and efficient business execution, the Board is working to improve its effectiveness by enhancing the internal control functions and operating the regulations on authority and other rules. The Board is also working on risk management including compliance, ensuring transparency of management, and fair information disclosure, among other issues.

Currently, the Company is strengthening and enhancing the management supervision functions by adopting a structure in which two out of the four Directors are outside directors and a system of auditing by the board of auditors and accounting auditors.

In addition, two out of the three auditors are independent outside auditors, and their names have been notified to Tokyo Stock Exchange, Inc. as independent auditors who are unlikely to have conflicts of interest with general shareholders.

Furthermore, the Company has set the Directors' term of office to one year to strengthen the system for supervising the execution of business. The Company will continue to further strengthen its governance system.

The Company will implement various measures related to the above-mentioned initiatives to enhance its corporate value and to realize its interests, and eventually the shareholders' common interests.

2. Existence of large-scale purchases of shares and other equity securities that are inconsistent with enhancing corporate value and realizing the company's interests, and eventually the shareholders' common interests

As mentioned above, the Company is determined to do its utmost to enhance its corporate value and realize its interests, and eventually the shareholders' common interests. However, in recent years, the capital market has seen an increasing trend of sudden Large-scale Purchases (as defined in 4-(3)-A below; hereinafter the same) of shares and other equity securities without giving the shareholders enough time to consider the issue, and without going through the process of sufficient consultation and agreement with the management of the target companies.

The Company believes that a Large-scale Purchase of shares and other equity securities should not be denied even though it is not approved by the management of the target company if it leads to the efficient management of the company's assets, enhances its corporate value, and realizes the company's interests, and eventually the shareholders' common interests.

However, it cannot be denied that among such Large-scale Purchases of shares and other equity securities, there may be so-called "abusive acquisitions" that are clearly detrimental to the company's corporate value and interests, and eventually to the common interests of shareholders, such as those conducted by acquirers who have no intention of participating in the management of the company and whose sole purpose is to increase the company's stock price and induce parties related to the company to purchase the company shares at a high price.

### 3. Need to renew the Plan

Under these circumstances, in order to enhance the Company's corporate value and realize its interests, and eventually the shareholders' common interests, it is essential to (i) foster employees with high technological and developmental skills as well as superior personalities, (ii) continue to provide high-quality services by integrating the know-how and achievements since the establishment of the Company, (iii) maintain relationships of trust and cooperation with customers and group companies with advanced processing capabilities, which have been cultivated over many years, and (iv) maintain a customer- and field-oriented corporate culture, and a sound financial structure. The Company's corporate value and interests, and eventually the shareholders' common interests may be damaged unless these essential elements are secured and enhanced by the party conducting the Large-scale Purchase of the Company Shares.

In particular, in the carbon products business, which is the Company's main business, it is important to constantly develop applications for new fields and develop new materials, and a medium- to long-term perspective is essential for management policies because it takes medium to long time for management policies to be reflected in business results. Thus, a management policy that aims at the short-term allocation of results may jeopardize the existence of the Company's foundation and damage the Company's corporate value and interests, and eventually the shareholders' common interests.

Furthermore, in the event of a Large-scale Purchase, it will be necessary to ensure that the shareholders have an appropriate understanding of various matters, such as tangible and intangible management resources of the Company's group (the "Group"), the potential effects of the Group's future-oriented measures, and other matters that constitute the Group's corporate value so that they can determine the impact of the acquisition on the Company's corporate value and interests, and eventually the shareholders' common interests.

In light of these circumstances, the Board has determined that a renewal of the Plan as detailed in 4. "Description of the Plan" below is necessary as a reasonable framework to enhance the Company's corporate value and realize the shareholders' common interests in the event of any Large-scale Purchase of the Company Shares by securing the information and time necessary for the shareholders to appropriately determine whether or not to accept the relevant Large-scale Purchase, or for the Board to make an alternative proposal to the shareholders, and enabling the Board to consult and negotiate with the acquirer on behalf of the shareholders.

Please note that currently the Company is not under any specific threat of takeover. The latest status of large shareholders of the Company is as indicated in Exhibit 1 "Status of Large Shareholders," and its shareholders are widely dispersed, mainly individuals and financial institutions.

### 4. Description of the Plan

#### (1) Outline of the Plan

The Plan requires Large-scale Purchasers (as defined in (3)-A below; hereinafter the same) to follow the prescribed procedures in making Large-scale Purchases, and in the event of a Large-scale Purchase not in compliance with such procedures, or in the event that a Large-scale Purchase in compliance with such procedures is judged to be significantly detrimental to the Company's corporate value and interests, and eventually to the shareholders' common interests, the Plan allows, as a countermeasure against such Large-scale Purchase, a free allotment of stock acquisition rights to shareholders on a certain date determined by the Board, in principle by the method of gratis allotment of stock acquisition rights (as provided in Article 277 onward of the Companies Act). In addition, if it is deemed appropriate to invoke other countermeasures permitted under the Companies Act and other laws and regulations as well as the Company's articles of incorporation, such other countermeasures may be used.

The stock acquisition rights to be allotted in accordance with the Plan (the "Stock Acquisition Rights") are expected to be subject to, among others, (i) an exercise condition that prohibits exercise by the Large-scale Purchaser and its related parties, (ii) an acquisition clause to the effect that in exchange for the acquisition of Stock Acquisition Rights, the Company will deliver shares in the Company to the shareholders other than the Large-scale Purchaser and its related parties, and (iii) an acquisition clause to the effect that the Company will acquire the Stock Acquisition Rights held by the Large-scale Purchaser and its related parties in exchange for other stock acquisition rights with a certain exercise condition or acquisition clause (if the Board so determines). For the details of the Stock Acquisition Rights, please see (4) "Outline of countermeasures" below.

If a gratis allotment of the Stock Acquisition Rights is implemented, as a result of such exercise condition or acquisition clause, the ratio of the voting rights held by the relevant Large-scale Purchaser and its related parties to the total voting rights of the Company may be significantly diluted.

The Company may conduct shelf registration of stock acquisition rights in order to flexibly take countermeasures in accordance with the Plan.

The Company will make timely disclosure of the Plan in accordance with the rules of Tokyo Stock Exchange, Inc., and will post the Plan on the Company's website (<https://www.carbon.co.jp/>).

## (2) Plan renewal procedures – Approval at the Shareholders Meeting

While the Plan is based on Article 15 of the existing articles of incorporation of the Company, in order to properly reflect the intentions of the shareholders, the renewal of the Plan will be subject to approval by resolution at the Shareholders Meeting in accordance with the provision of the said Article.

## (3) Procedures for triggering countermeasures under the Plan

### A. Large-scale Purchases subject to the Plan

Unless otherwise determined by the Board, the Company will consider triggering countermeasures under the Plan if any act falling under any of (i), (ii) or (iii) below, or any similar act (excluding acts that have been approved in advance by the Board; any such act is hereinafter referred to as the “Large-scale Purchase,” and a person making or intending to make a Large-scale Purchase is hereinafter referred to as the “Large-scale Purchaser”) is conducted or is to be conducted.

- (i) A purchase of share certificates, etc.<sup>\*1</sup> issued by the Company that would result in the holder<sup>\*2</sup>'s holding ratio of share certificates, etc.<sup>\*3</sup> amounting to 20% or more;
- (ii) With respect to share certificates, etc.<sup>\*4</sup> issued by the Company, a purchase of such share certificates, etc. that would result in the total of the ownership ratio of share certificates, etc.<sup>\*5</sup> of the person making the purchase<sup>\*6</sup> and the ownership ratio of share certificates, etc. of the specially related parties<sup>\*7</sup> of such person amounting to 20% or more; or
- (iii) Regardless of whether or not any of the acts set forth in (i) or (ii) above is performed, an act between a specified holder of the Company and any other holder of the Company (including cases where there are two or more such holders; hereinafter the same in this Item (iii)) that is reasonably determined to fall under either of the following categories: (a) an agreement or other act that will result in such other holder becoming a joint holder<sup>\*8</sup> of such specified holder, or (b) any act that will establish a relationship between such specified holder and such other holder wherein one of them substantially controls the other, or wherein they act jointly or cooperatively<sup>\*9</sup> (however, limited to cases where the total holding ratio of such specified holder and such other holder with respect to the share certificates, etc. issued by the Company becomes 20% or more)<sup>\*10</sup>.

\*1 This term refers to the “share certificates, etc.” as provided in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same applies unless otherwise indicated.

\*2 This term refers to the “holder” as provided in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, and includes those included in holders pursuant to Paragraph 3 of the same Article (including those deemed by the Board to fall under this category); hereinafter the same applies unless otherwise indicated.

\*3 This term refers to the “holding ratio of share certificates, etc.” as provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; hereinafter the same applies unless otherwise indicated.

\*4 This term refers to the “share certificates, etc.” as provided in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies in (ii) above.

\*5 This term refers to the “ownership ratio of share certificates, etc.” as provided in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act; hereinafter the same applies unless otherwise indicated.

\*6 This term refers to the purchase and other acquisition for compensation and includes purchase that is similar to acquisition for compensation as provided in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act; hereinafter the same applies unless otherwise indicated.

\*7 This term refers to the “specially related party” as provided in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including parties deemed by the Board to fall under this category); provided, however, that among the persons listed in Item 1 of the

said Paragraph, those provided in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other than Issuers are excluded from the “specially related parties;” hereinafter the same applies unless otherwise indicated.

- \*8 This term refers to the “joint holder” as provided in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes those deemed to be joint holders pursuant to Paragraph 6 of the said Article (including those deemed by the Board to fall under this category); hereinafter the same applies unless otherwise indicated.
- \*9 The determination of whether “a relationship between such specified holder and such other holder wherein one of them substantially controls the other, or wherein they act jointly or cooperatively” has been established shall be made based on, among other factors, a new investment relationship, business alliance, transaction or contractual relationship, concurrent directorship, funding relationship, credit granting relationship, the status of stakebuilding on the Company Shares, the status of exercise of voting rights pertaining to the Company Shares, the formation of a substantial interest in the Company Shares through derivatives, stock lending, etc., the direct or indirect influence that such specified holder and such other holder will exert on the Company; and/or other direct or indirect facts that suggest that there are communications between such specified holder and such other holder. Whether partnerships or other funds have established such a relationship with such other holder will be determined by considering the substantive identity of the fund manager and other various circumstances.
- \*10 The determination of whether or not the act set forth in (iii) above has been performed shall be made by the Board based on the recommendations of the Independent Committee in a reasonable manner. The Board may request that the relevant holders provide necessary information to the extent needed to determine whether or not the requirements under (iii) above have been met.

#### B. Publication of the Plan and request for provision of information made to the Large-scale Purchaser

Unless otherwise determined by the Board, prior to the implementation of the Large-scale Purchase, the Large-scale Purchaser will be requested to submit to the Board a written purchase offer in Japanese in a form prescribed by the Company, which must contain the information set forth in the following Items i through x that is necessary for the consideration of the substance of the Large-scale Purchase (however, the content thereof may be changed to the reasonable extent depending on the substance, manner, and other details of the Large-scale Purchase; such information is hereinafter referred to as the “Necessary Information”) and include a statement of intent to comply with the procedures set forth in the Plan. The written purchase offer must be accompanied by a certified copy of the commercial register, a copy of articles of incorporation, and other documents that prove the existence of the Large-scale Purchaser.

Upon receipt of the above-mentioned written purchase offer, the Board will promptly provide it to the Independent Committee as provided in D. below. If the Board reasonably determines that the information provided by the Large-scale Purchaser is insufficient for the shareholders’ decision and the Board’s evaluation and consideration in light of the nature, manner, and other details of the Large-scale Purchase, the Large-scale Purchaser must provide additional information in Japanese as separately requested by the Board (provided, however, that the Board may not request the provision of additional information beyond the level necessary for the shareholders to make an appropriate decision on the pros and cons of the acquisition, and for the Board to evaluate and consider the acquisition, taking into account the Large-scale Purchaser’s attributes, the substance of the Large-scale Purchase proposed by the Large-scale Purchaser, and the substance and nature of the Necessary Information). Such request for additional information will be made within ten days after receipt of the above-mentioned written purchase offer or subsequent receipt of the additional information and will fix an appropriate deadline for response (up to 60 days).

- i. Details of the Large-scale Purchaser and its group (including its joint holders, specially related parties, and (in the case of a fund) partners and other members) (including information on their specific names, capital structure, business description, financial status, and experience in the same type of business as the Company’s business);
- ii. Number of shares and other equity securities of the Company currently held by the Large-scale Purchaser and its group, and the status of transactions of shares and other equity securities of the Company by the Large-scale Purchaser during the 60 days prior to the submission of the written purchase offer;
- iii. Purpose (if the purpose is to acquire a controlling interest or participate in management, to make pure investment or policy investment, to transfer shares and other equity securities of the Company to a third party after the Large-scale Purchase, or to make a material proposal (meaning the material proposal as provided in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2,

Paragraph 1 of the Order for Enforcement of the said Act, and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-volume Holdings in Share Certificates) or otherwise, a statement to that effect and a summary of the purpose should be included, and if there are two or more purposes, all of them should be stated.), the method and details of the Large-scale Purchase (including the type and number of shares and other equity securities of the Company scheduled to be acquired through the Large-scale Purchase, the amount and type of the consideration for the Large-scale Purchase, the timing of the Large-scale Purchase, the scheme of related transactions, the legality of the method of the Large-scale Purchase, and feasibility of the Large-scale Purchase);

- iv. Summary of the basis of calculation of the price for the Large-scale Purchase (including facts and assumptions underlying the calculation, the calculation method, numerical information used in the calculation, and the amount of synergies expected to arise from the series of transactions related to the Large-scale Purchase, and the basis for the calculation thereof);
- v. Financial backing for the Large-scale Purchase (including the specific names of the providers of the funds (including any virtual providers), fundraising method, and description of related transactions);
- vi. Whether or not there has been any communication with a third party for making the Large-scale Purchase, and if so, the details of such communication and summary information on such third party;
- vii. The Group's management policy, management candidates (including information on their experience in businesses similar to those of the Company and the Group), business plan, financial plan, capital policy, dividend policy, and asset utilization policy after the Large-scale Purchase (however, if the acquisition proposed by the Large-scale Purchaser is a 100% cash acquisition (in yen) with no remaining minority shareholders, an overview of the information required in this Item will suffice.);
- viii. Policy on the treatment of the employees, business partners, customers, and other interested parties of the Group after the Large-scale Purchase (whether there is any plan for modification and, if so, the details of such a plan);
- ix. Specific measures to avoid conflicts of interest with other shareholders of the Company;
- x. Policy on recovery of the capital invested for the Large-scale Purchase;
- xi. Existence or non-existence of a relationship (whether direct or indirect) with anti-social forces or terrorism-related organizations, and the nature of the relationship (if any); and
- xii. Any other information that the Board reasonably determines to be necessary.

Immediately upon becoming aware of the appearance of a Large-scale Purchaser, or upon receiving a purchase offer or additional information, the Board will disclose the relevant fact to the shareholders and other parties. The Board will disclose to the shareholders and other parties all or part of the information provided by the Large-scale Purchaser to the Board when the Board determines that such information is necessary for decision-making by the shareholders.

#### C. Board assessment procedures

If the Board determines that the Necessary Information provided by the Large-scale Purchaser satisfies the level required for the shareholders to make an appropriate decision on the pros and cons of the acquisition and for the Board to evaluate and consider the acquisition, the Board will immediately notify the Large-scale Purchaser and the Independent Committee of that fact as well as the commencement date and the ending date of the Board Assessment Period (as defined below), and disclose the relevant information to the shareholders and other parties. The Board will, (i) within a maximum of 60 days in the case of a tender offer for all shares and other equity securities of the Company in which the consideration is cash (in Japanese yen) only, or (ii) within a maximum of 90 days in the case of any other Large-scale Purchases, from the day following the date of dispatch of such notice to the Large-scale Purchaser (the "Board Assessment Period"), with the advice of third parties (including investment banks, securities companies, financial advisers, lawyers, certified public accountants, and other professionals) in a position independent of the Company, if necessary, fully evaluate and review the Necessary Information provided and carefully formulate the Board's opinion on the Large-scale Purchase with the utmost respect for the recommendations of the Independent Committee as provided in D. below, and notify the Large-scale Purchaser of such opinion. In addition, the Board will disclose the relevant information to the shareholders and other parties in a timely and appropriate manner.



Furthermore, if necessary, the Board will negotiate with the Large-scale Purchaser on the conditions and method of the Large-scale Purchase, and may present an alternative proposal to the shareholders.

The Large-scale Purchaser may commence the Large-scale Purchase only after the lapse of the Board Assessment Period, or if the Board decides to hold a Shareholders Meeting for Confirmation of Shareholders' Intentions (as defined in E. below) as provided in F-iii below, only after the passing of a Board resolution in accordance with the shareholders' judgment at such Shareholders Meeting for Confirmation of Shareholders' Intentions. However, upon receipt of a Non-triggering Notice provided in G. below, the Large-scale Purchaser may commence the Large-scale Purchase from the business day following the date of receipt of such notice.

#### D. Establishment of the Independent Committee

The Board will make the final decision as to whether a series of procedures have been carried out in accordance with the rules established in the Plan, and whether or not to take certain countermeasures that are considered necessary and appropriate to secure or enhance the Company's corporate value and interests, and eventually the common interests of shareholders in the case where the rules established in the Plan have been complied with, but in order to ensure the reasonableness and fairness of its decision, the Company will establish an independent committee (the "Independent Committee") as an organization independent of the Board. The Independent Committee will consist of three or more members, and the members will be appointed by the Board from among the Company's outside auditors and outside experts (such as lawyers, certified public accountants, and academic experts).

The members of the Independent Committee at the time of renewal of the Plan are scheduled to be the persons listed in Exhibit 2 "Names and Brief Histories of the Independent Committee Members." The outline of the Rules of the Independent Committee is as described in Exhibit 3 "Summary of the Regulations of the Independent Committee." The outline of the decision of the Independent Committee will be disclosed to the shareholders and other parties in a timely and appropriate manner.

#### E. Procedures for triggering countermeasures

When the Board makes a decision on the triggering of countermeasures, it will take the following procedures to ensure the reasonableness and fairness of its decision:

First, prior to triggering countermeasures, the Board will consult with the Independent Committee regarding the appropriateness of the triggering of countermeasures. Based on such consultation, the Independent Committee will, at the expense of the Company, obtain advice from third parties (including investment banks, securities companies, financial advisers, lawyers, certified public accountants, and other professionals) in a position independent of the Company, as necessary, and make a recommendation to the Board as to whether it should trigger countermeasures. The Board will respect to the maximum extent the Independent Committee's recommendation as to whether or not to trigger countermeasures.

In addition, if the Board triggers countermeasures, the Directors must unanimously pass a resolution to do so after obtaining the approval of all auditors of the Company, including all outside auditors. Upon passing such a resolution, the Board will promptly disclose to the shareholders and other parties an outline of the resolution and other matters that the Board deems appropriate.

The Board will make a decision on whether or not to trigger countermeasures after assessing and examining the specific details of the Large-scale Purchaser and the Large-scale Purchase as well as the impact of the Large-scale Purchase on the Company's corporate value and interests, and eventually the shareholders' common interests, among other factors, based on the Necessary Information provided by the Large-scale Purchaser in addition to the above-mentioned consultation with the Independent Committee, with advice from third parties (including investment banks, securities companies, financial advisers, lawyers, certified public accountants, and other professionals) independent of the Company, as necessary.

Furthermore, as provided in F-iii below, if the Board determines that it is practically appropriate to directly confirm the shareholders' intentions in deciding whether or not to trigger countermeasures against the Large-scale Purchase in the case of F-iii below, the Board may hold a shareholders meeting to ascertain the shareholders' intentions as to whether or not to trigger countermeasures against the Large-scale Purchase (the "Shareholders Meeting for Confirmation of Shareholders' Intentions").

F. Conditions for triggering countermeasures

- i. If the Large-scale Purchaser conducts or attempts to conduct a Large-scale Purchase without following the procedures specified in the Plan

If the Large-scale Purchaser conducts or attempts to conduct a Large-scale Purchase without following the procedures specified in the Plan, the Board will deem such Large-scale Purchase to be significantly detrimental to the Company's corporate value and interests, and eventually to the shareholders' common interests, regardless of the specific terms and method thereof, and will take necessary and reasonable countermeasures to secure or enhance the Company's corporate value and interests, and eventually the shareholders' common interests with the utmost respect for the recommendations of the Independent Committee.

- ii. If the Large-scale Purchaser conducts or attempts to conduct a Large-scale Purchase following the procedures specified in the Plan

If the Large-scale Purchaser conducts or attempts to conduct a Large-scale Purchase following the procedures specified in the Plan, the Board will not, in principle, take countermeasures against such Large-scale Purchase even if the Board is opposed to such Large-scale Purchase and expresses a dissenting opinion, presents an alternative proposal, or provides an explanation to the shareholders. Whether or not to accept the Large-scale Purchaser's proposal regarding the Large-scale Purchase of the Company Shares will be determined by the shareholders, taking into consideration the Necessary Information concerning the Large-scale Purchase as well as the Board's opinion and alternative proposals regarding the same, among others.

However, even in the case where the Large-scale Purchaser conducts or attempts to conduct a Large-scale Purchase in accordance with the procedures specified in the Plan, if, as a result of the Board's examination of the details of the Large-scale Purchase by the Large-scale Purchaser and/or discussions and negotiations with the Large-scale Purchaser, the Board finds that the Large-scale Purchase based on the Large-scale Purchaser's purchase proposal is significantly detrimental to the Company's corporate value and interests, and eventually to the shareholders' common interests, the Board may, with the utmost respect for the recommendations of the Independent Committee, take necessary and reasonable countermeasures to secure or enhance the Company's corporate value and interests, and eventually the shareholders' common interests regardless of whether the Board Assessment Period has commenced or terminated. Specifically, the Board considers in principle that the Large-scale Purchase based on the purchase proposal is significantly detrimental to the Company's corporate value and interests, and eventually to the shareholders' common interests if the Large-scale Purchase is judged to fall under any of the following categories and the triggering of countermeasures is deemed necessary and appropriate:

- (i) If the acquisition is aimed at demanding purchase of the Large-scale Purchaser's Company Shares at a high price;
- (ii) If the acquisition is aimed at realizing the benefits of the Large-scale Purchaser at the expense of the Company, such as by acquiring important assets, technical information or otherwise at a low price;
- (iii) If the acquisition will cause obvious damage to the Company's corporate value and interests, and eventually to the shareholders' common interests by diverting the Company's assets as collateral for or as a source of repayment of debts;
- (iv) If the acquisition will cause obvious damage to the Company's corporate value and interests, and eventually to the shareholders' common interests by causing the Company to dispose of its high-value assets and temporarily pay high dividends with the proceeds from such disposal, or by selling the Company Shares at a high price at the timing of a sharp rise in the price due to a temporarily high dividend;
- (v) If the purchase conditions of the shares and other equity securities of the Company are considered to be significantly insufficient or inappropriate in light of the Company's corporate value;
- (vi) If the acquisition is likely to effectively force the shareholders to sell their shares and other equity securities, including in the case where a tender offer is conducted without soliciting offers to sell

- all shares and other equity securities in the first step of the tender offer, and setting unfavorable or unclear conditions for the second step of the tender offer;
- (vii) In a comparison with medium- to long-term future corporate values, if the Company's corporate value in the case of acquisition of control by the Large-scale Purchaser is significantly inferior to the Company's corporate value in the case of non-acquisition of control by the Large-scale Purchaser;
  - (viii) If the Large-scale Purchaser is extremely inappropriate as a controlling shareholder of the Company from the viewpoint of public policy; or
  - (ix) Beyond what is provided in the preceding Items, if the acquisition falls under both of the following:
    - a. It is objectively and reasonably inferred that the Large-scale Purchase is likely to significantly damage the Company's corporate value and interests, and eventually the shareholders' common interests; and
    - b. It is impossible or is likely to be impossible to avoid significant damage to the Company's corporate value and interests, and eventually to the shareholders' common interests without triggering countermeasures at the relevant time.

iii. Holding of a Shareholders Meeting for Confirmation of Shareholders' Intentions

As stated in ii. above, if the Large-scale Purchaser conducts or attempts to conduct a Large-scale Purchase in accordance with the procedures specified in the Plan, the Board will, in principle, resolve whether or not to trigger countermeasures against the Large-scale Purchase with the utmost respect for the recommendations of the Independent Committee. However, if the Board determines that it is appropriate from a practical standpoint to directly confirm the shareholders' intentions, in addition to consulting the Independent Committee, in consideration of various circumstances such as the details of the Large-scale Purchase by the Large-scale Purchaser, and the time required to hold a Shareholders Meeting for Confirmation of Shareholders' Intentions, and in light of laws and regulations and the Directors' duty of care, the Board may convene a Shareholders Meeting for Confirmation of Shareholders' Intentions, and confirm the shareholders' intentions regarding the triggering of countermeasures with the approval of a majority of the voting rights of the shareholders present (which includes shareholders who exercise their voting rights by voting forms or otherwise, but in the case of any Large-scale Purchase through coercive market accumulation or the like, may exclude the relevant Large-scale Purchaser and his/her/its joint holders, specially related parties and the like; hereinafter the same). If the Board has decided to hold a Shareholders Meeting for Confirmation of Shareholders' Intentions, it will immediately disclose to the shareholders and other parties the fact that it has made such a decision, and will convene a Shareholders Meeting for Confirmation of Shareholders' Intentions as promptly as practicable.

If a Shareholders Meeting for Confirmation of Shareholders' Intentions is held, the Board will defer to the judgment of the shareholders at such meeting with respect to the triggering of countermeasures.

If the Board has decided to hold a Shareholders Meeting for Confirmation of Shareholders' Intentions, the Large-scale Purchaser may not launch a Large-scale Purchase until the Board passes a resolution in accordance with the shareholders' judgment at the relevant meeting.

G. Decision by the Board on the triggering or non-triggering of countermeasures

In both of the cases set out in F-i and F-ii. above, the Board will make a decision on the triggering or non-triggering of countermeasures with the utmost respect for the recommendations of the Independent Committee. In the case set out in F-iii above, if a Shareholders Meeting for Confirmation of Shareholders' Intentions is held to confirm the shareholders' intentions, the Board will make a decision in accordance with the shareholders' judgment at the relevant meeting, in addition to consultation with the Independent Committee.

Upon deciding on the triggering or non-triggering of countermeasures, the Board will immediately notify the Large-scale Purchaser of a summary of the decision and other information deemed appropriate by the Board (hereinafter the notice concerning the decision of non-triggering is referred to as the "Non-triggering Notice") and will disclose the relevant information to the shareholders and other parties. The Large-scale

Purchaser may commence a Large-scale Purchase only after the lapse of the Board Assessment Period, or if the Board decides to hold a Shareholders Meeting for Confirmation of Shareholders' Intentions as provided in F-iii, only after the Board passes a resolution at a board of directors meeting (which, in principle, will be held on the date of the relevant Shareholders Meeting for Confirmation of Shareholders' Intentions) in accordance with the shareholders' judgment at such meeting. However, upon receipt of a Non-triggering Notice from the Board, the Large-scale Purchaser may commence the Large-scale Purchase from the business day following the date of receipt of such notice.

#### H. Re-examination by the Board

Even after the Board has made a decision as to whether or not to trigger countermeasures, if the Large-scale Purchaser changes the conditions regarding the Large-scale Purchase or discontinues the Large-scale Purchase, or in the event of any other change in the facts on which the decision was based, the Board may deliberate again after consulting with the Independent Committee, and make a decision as to the triggering or suspension of countermeasures with the utmost respect for the recommendations of the Independent Committee. In such cases as well, if the Board deems it appropriate from a practical standpoint to directly confirm the shareholders' intentions, the Board may hold a Shareholders Meeting for Confirmation of Shareholders' Intentions to confirm the shareholders' intentions as to whether or not to trigger countermeasures against the Large-scale Purchase.

Upon making such decision, the Board will immediately notify the Large-scale Purchaser of a summary of the decision and other information deemed appropriate by the Board, and will disclose the relevant information to the shareholders and other parties.

#### (4) Outline of countermeasures

As a countermeasure under the Plan, the Board will, in principle, implement a gratis allotment of the Stock Acquisition Rights in accordance with Exhibit 4 "Terms and Conditions of Stock Acquisition Rights of Nippon Carbon Co., Ltd." The Stock Acquisition Rights will be allotted to shareholders (excluding the Company) entered or recorded in the final shareholder register of the Company as of a certain date (the "Allotment Date") determined by the Board that resolves the gratis allotment of the Stock Acquisition Rights at a ratio determined by the Board, which will be at least one Stock Acquisition Right per share held by each shareholder.

The amount of property (cash) to be contributed upon the exercise of a Stock Acquisition Right (the exercise price) will be JPY 1, and upon the exercise of a Stock Acquisition Right, one or less share of the common stock of the Company (the "Common Share") as determined by the Board will be delivered to the holder of the Stock Acquisition Right (the "Stock Acquisition Right Holder"). If there is a fraction of less than one share in the number of shares to be delivered to any Stock Acquisition Right Holder upon the exercise of the Stock Acquisition Rights, the Company will treat such fractional shares in accordance with applicable laws and regulations.

However, the Large-scale Purchaser and its related parties will not be entitled to exercise any Stock Acquisition Right.

In addition to by way of exercise of the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights from the Stock Acquisition Right Holders other than the Large-scale Purchaser and its related parties, in exchange for the Common Shares under certain conditions in accordance with the acquisition clause attached to the Stock Acquisition Rights. The Company may also acquire all the Stock Acquisition Rights without consideration under certain conditions.

Furthermore, the acquisition of the Stock Acquisition Rights by transfer is subject to the approval of the Board.

As stated in (1) above, if it is deemed to appropriate to trigger, in addition to the gratis allotment of the Stock Acquisition Rights, other countermeasures permitted under the Companies Act and other laws and regulations as well as the Company's articles of incorporation, such other countermeasures may be used.

Upon triggering countermeasures under the Plan, the Board will make timely disclosure of information with respect to the matters it deems appropriate to the shareholders and other parties.

#### (5) Effective term, abolition, and modification of the Plan

The effective term of the renewed Plan will be from the conclusion of the Shareholders Meeting to the conclusion of the annual general meeting of shareholders for the fiscal year ending December 2024. The Directors' term of office is one year, and the Company believes that setting the effective term of the Plan to one year in line with such term of office of the Directors will further contribute to the respect for the shareholders' intentions. However, (i) if a resolution to abolish the Plan is passed at a general meeting of shareholders of the Company, or (ii) if the Board resolves to abolish the Plan, the Plan will be abolished at that time even before the expiration of the effective term.

In addition, the Board may, even during the effective term of the Plan, make technical amendments or changes to the Plan, if necessary, within the scope of the delegation by resolution of the Shareholders Meeting, after obtaining the opinion of the Independent Committee.

The Plan is based on the provisions of laws and regulations in effect as of February 9, 2024. If it becomes necessary to amend the provisions of the Plan due to the establishment, amendment, or abolition of laws and regulations after the date, the wording of the Plan will be deemed to be replaced as appropriate within the purpose of the relevant laws and regulations and to the extent that the replaced wording does not contradict the basic concept of the Plan.

If the Plan is abolished, amended, or modified, the Board will promptly disclose to the shareholders and other parties the fact of such abolishment, amendment or modification, and other matters deemed appropriate by the Board.

As to the contents of the Plan after the conclusion of the annual general meeting of shareholders for the fiscal year ending December 2024, the Board will make a necessary review and will confirm the shareholders' intentions regarding the renewal of the Plan or the introduction of a new plan or otherwise.

## 5. Rationality of the Plan

### (1) Fulfillment of requirements under guidelines on takeover defense measures

The Plan fulfills the three principles (namely, the principle of protecting and enhancing corporate value and shareholders' common interests, the principle of prior disclosure and shareholders' will, and the principle of ensuring the necessity and reasonableness) specified in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, and is consistent with the intent of the rules of Tokyo Stock Exchange, Inc. regarding the introduction of takeover defense measures. In addition, the Plan takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes," a report released on June 30, 2008 of the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry, and the "Guidelines for Corporate Takeovers — Enhancing Corporate Value and Securing Shareholders' Interests—" that the Ministry of Economy, Trade and Industry released on August 31, 2023.

### (2) Renewal for the purpose of ensuring or enhancing the Company's corporate value and interests, and eventually the shareholders' common interests

As stated in 3. above, the Plan is renewed for the purpose of ensuring or enhancing the Company's corporate value and interests, and eventually the shareholders' common interests by securing the information and time necessary for the shareholders to determine whether or not to accept any Large-scale Purchase of the Company Shares, or for the Board to make an alternative proposal to the shareholders, and negotiate with the Large-scale Purchaser on behalf of the shareholders.

### (3) Respect for shareholders' intentions (sunset clause)

While the Plan is based on Article 15 of the existing articles of incorporation of the Company, in order to properly reflect the intentions of the shareholders in the renewal of the Plan, approval of the Plan will be sought at the Shareholders Meeting, as stated in 4-(2) above. If the Plan is not approved at the Shareholders Meeting, the Plan will not be renewed and will be abolished. In addition, as stated in 4-(5) above, if a resolution to abolish the Plan is passed at a general meeting of shareholders, the Plan will be abolished at that time even before the expiration of its effective term. In this sense, the shareholders' intentions will be reflected not only in the renewal but also in the continuation of the Plan.

Furthermore, as a premise for the shareholders to entrust the Board with the decision on the triggering or non-triggering of countermeasures under the Plan, the Plan specifically sets the conditions for the triggering of such countermeasures in each individual case and indicates them to the shareholders. Besides, as stated in 4-(3)-F-iii above, in making a resolution regarding the triggering of countermeasures in accordance with the Plan, the Board will hold a Shareholders Meeting for Confirmation of Shareholders' Intentions to confirm the shareholders' intentions when the Board deems it appropriate to directly confirm their intentions in addition to consulting the Independent Committee. Therefore, the triggering of countermeasures in accordance with such triggering conditions will reflect the intentions of the shareholders.

(4) Emphasis on judgments of highly independent outsiders

As stated in 4-(3)-D above, in order to ensure the reasonableness and fairness of the Board's decisions, the Company will establish the Independent Committee as a body independent of the Board. The Independent Committee is composed of the Company's outside auditors and outside experts.

In this way, a mechanism is in place to prevent the Board from arbitrarily triggering countermeasures under the Plan by having the Board make decisions with the utmost respect for the recommendations of the Independent Committee. In addition, by requiring that the outline of the Independent Committee's judgment be disclosed to the shareholders and other parties as appropriate, a mechanism is in place to ensure the transparent operation of the Plan to contribute to the enhancement of the Company's corporate value and the realization of its interests, and eventually the shareholders' common interests.

(5) Establishment of reasonable and objective criteria

As stated in 4-(3)-E and 4-(3)-F above, the Plan will not be triggered unless the pre-determined reasonable and objective criteria are fulfilled. Thus, a mechanism is in place to prevent the Board from arbitrarily triggering countermeasures.

(6) Availability of independent third-party professionals' advice

As stated in 4-(3)-C and 4-(3)-E above, the Plan provides that upon the appearance of a Large-scale Purchaser, the Board and the Independent Committee will be entitled to obtain, at the Company's expense, advice from third parties (including investment banks, securities companies, financial advisers, lawyers, certified public accountants, and other professionals) in an independent position. Thus, a mechanism is in place to further ensure the reasonableness and fairness of the judgment of the Board and the Independent Committee.

(7) Not being a dead-hand or slow-hand takeover defense measures

The Plan, which may be abolished at any time by resolution of the Board composed of the Directors appointed at the Company's general meeting of shareholders, as stated in 4-(5) above, is not a so-called dead-hand takeover defense measure (meaning a measure whose triggering cannot be stopped even by means of the replacement of a majority of the members of the Board).

In addition, since the Company has set the Directors' term of office at one year and has not adopted a system of staggered terms of office, the Plan is not a so-called slow-hand takeover defense measure (meaning a measure that takes a considerable amount of time to block its triggering because the members of the board of directors cannot be replaced all at once), either.

6. Impact on shareholders and investors

(1) Impact on shareholders and investors at the time of renewal of the Plan

At the time of renewal of the Plan, there will be no direct and specific impact on the legal rights or economic interests of shareholders and investors because no countermeasure will be triggered.

(2) Impact of the gratis allotment of the Stock Acquisition Rights on shareholders and investors

The Stock Acquisition Rights will be allotted without consideration to each shareholder as of the Allotment Date to be separately determined by the Board in its resolution of gratis allotment of the Stock Acquisition Rights at a ratio of one or more Stock Acquisition Rights (in a number determined by the Board) per share held by the shareholder, and therefore, no dilution will occur to the overall value of the Company Shares held by the shareholders as long as the Stock Acquisition Rights are exercised.

That said, if any shareholder chooses not to exercise his/her/its Stock Acquisition Rights during the exercise period of the Stock Acquisition Rights, the value of the Company Shares held by that shareholder will be diluted upon the exercise of the Stock Acquisition Rights by other shareholders. However, the Company may, upon the decision of the Board, acquire the Stock Acquisition Rights from the shareholders who are not prohibited from exercising the Stock Acquisition Rights in accordance with the Terms and Conditions of Stock Acquisition Rights and deliver Common Shares in exchange for the Stock Acquisition Rights through the procedures described in (4)-B below. If the Company performs such acquisition procedures, the shareholders who are not prohibited from exercising their Stock Acquisition Rights under the Terms and Conditions of Stock Acquisition Rights will receive shares in the Company without exercising their Stock Acquisition Rights and making a payment equivalent to the exercise price. Although this will result in a dilution of the value per share of the shares held by each such shareholder, the overall value of the shares held by such a shareholder will not be diluted.

If, after the shareholders entitled to receive the gratis allotment of the Stock Acquisition Rights are determined, the Company cancels the gratis allotment of the Stock Acquisition Rights, or acquires without consideration the Stock Acquisition Rights allotted gratis, no dilution will occur to the value per share of the stock of the Company. Thus, investors who have traded on the assumption of the dilution of the value per share of the stock of the Company may suffer a corresponding amount of loss due to fluctuations in the share price.

(3) Impact on shareholders and investors of the exercise or acquisition of the Stock Acquisition Rights after the implementation of the gratis allotment of the Stock Acquisition Rights

Since discriminatory conditions are expected to be attached to the Stock Acquisition Rights with respect to their exercise or acquisition, the legal rights or economic interests of the Large-scale Purchaser and its related parties are assumed to be diluted upon the exercise or acquisition of the Stock Acquisition Rights. Nevertheless, even in this case, such dilution is not assumed to have any direct and specific impact on the legal rights and economic interests with respect to the shares in the Company held by the shareholders and investors other than the Large-scale Purchaser and its related parties. Please note, however, that because the transfer of the Stock Acquisition Rights is restricted, if Common Shares are delivered to the shareholders as a result of the exercise of the Stock Acquisition Rights or the acquisition of the Stock Acquisition Rights by the Company on or after the Allotment Date, the recovery of the invested capital through transfer may be restricted to that extent with respect to the portion attributable to the Stock Acquisition Rights of the value of the Common Shares held by each shareholder until such Common Shares are recorded in the shareholder's book-entry account.

(4) Procedures required of shareholders in connection with gratis allotment of the Stock Acquisition Rights

A. Procedures for the exercise of the Stock Acquisition Rights

The Company will send to the shareholders entered or recorded in the final shareholder register as of the Allotment Date a written request for the exercise of the Stock Acquisition Rights (which will be in the form prescribed by the Company and will contain necessary matters such as the details and number of the Stock Acquisition Rights to be exercised, the scheduled date of exercise of the Stock Acquisition Rights, the book-entry account (excluding special account) for recording shares in the Company, as well as a representations and warranties clause, an indemnity clause and other covenants that the shareholder satisfies the conditions for the exercise of the Stock Acquisition Rights) and other documents necessary for the exercise of the Stock Acquisition Rights, in principle.

After the gratis allotment of the Stock Acquisition Rights, if a shareholder submits these necessary documents and pays JPY 1 per Stock Acquisition Right to the place of payment during the exercise period of the Stock Acquisition Rights, the number of Common Shares determined by the Board (which will be no more than one share) per Stock Acquisition Right will be delivered to the shareholder. Please note that each shareholder must have opened a book-entry account such as a securities account when exercising the Stock Acquisition Rights because the Common Shares delivered upon the exercise of the Stock Acquisition Rights cannot be recorded in a special account pursuant to the provisions of the Act on Book Entry of Corporate Bonds and Shares.

B. Procedures for the acquisition of the Stock Acquisition Rights by the Company

If the Board decides to acquire the Stock Acquisition Rights, the Company will, in accordance with the statutory procedures, acquire the Stock Acquisition Rights after a resolution of the Board is passed for the acquisition clause (if there are two or more acquisition clauses, for each of the acquisition clauses), and after giving public notice to the Stock Acquisition Right Holders. In addition, if Common Shares are to be delivered to the shareholders in exchange for the acquisition of the Stock Acquisition Rights, the Company will promptly deliver such shares. In this case, each shareholder may be required to separately submit a written statement in the form prescribed by the Company which includes a representations and warranties clause, an indemnity clause, and other covenants that the shareholder is not a Large-scale Purchaser or its related party that is prohibited from exercising the Stock Acquisition Right under the Terms and Conditions of Stock Acquisition Right.

In addition to the above, for details of the method of allotment, the method of exercise, and the method of acquisition of the Stock Acquisition Rights by the Company, please refer to the contents of the disclosure or notice to be provided to the shareholders after the Board decides to implement the gratis allotment of the Stock Acquisition Rights.

End



**Exhibit 1**

**Status of Large Shareholders**

1. Status of Large Shareholders

As of December 31, 2023

Name	Address	Number of shares held ('00 shares)	Shareholding ratio to the total issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	13,247	11.20
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	6,034	5.10
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo	5,517	4.66
SEC CARBON, LIMITED	1-2-6 Shioe, Amagasaki, Hyogo	4,442	3.75
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	4,260	3.60
Nippon Carbon Kyoei Shareholding Association	27, Takauchi, Toyama-shi, Toyama	1,499	1.27
JP MORGAN CHASE BANK 385781	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	1,343	1.14
STATE STREET BANK WEST CLIENT – TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	1,227	1.04
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo	995	0.84
JP MORGAN CHASE BANK 385794	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	865	0.73
Total		39,431	33.32

(Notes) 1. The numbers of shares held by trust banks in the table above are related to the relevant banks' trust business.  
 2. In addition to the above, 788,617 treasury shares are held by the Company.

2. Composition of Shareholders by Category

As of December 31, 2023

Classification	Status of Shareholding (Number of shares constituting one unit: 100 shares)								Status of shares less than one unit (shares)
	Japanese investors				Foreign investors		Japanese individuals and others	Total	
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Non-individuals	Individuals			
Number of shareholders	—	45	29	171	149	17	14,581	14,992	—
Number of shares held (units)	—	34,471	1,207	7,841	11,946	58	62,158	117,681	64,404
Shareholding ratio (%)	—	29.291	1.025	6.662	10.151	0.049	52.819	100.000	—

(Note) The 729,117 treasury shares comprise 7,291 units, which is included in “Japanese individuals and others,” and 17 shares, which is included in “Status of shares less than one unit” in the table above. Please note that this number (729,117 shares) represents the number of treasury shares on the shareholder register, and the actual number of treasury shares held as of December 31, 2023 is 788,617 shares.

## Exhibit 2

### Names and Brief Histories of the Independent Committee Members

The following three individuals are scheduled to be appointed as members of the Independent Committee upon the renewal of the Plan:

#### **Mitsuo Sasaki**

Date of birth: March 6, 1949

Outside auditor of the Company, certified public accountant and tax accountant

##### Brief History

September 1980	Registered as a certified public accountant
September 1984	Registered as a tax accountant
October 1984	Established Mitsuo Sasaki Certified Public Accountant Office
April 1991	Representative partner of TOKO Audit Corporation
March 2015	Outside auditor of the Company (incumbent) (to present)

#### **Akito Takahashi**

Date of birth: March 30, 1975

Attorney-at-law

##### Brief History

April 2000	Registered as an attorney-at-law in Japan
April 2005	Registered an attorney-at-law in the state of New York
September 2009	Established Takahashi & Katayama Law Office
December 2010	Auditor (outside auditor) of Kohjin Holdings Co., Ltd. (formerly known as Kohjin Co., Ltd.)
March 2012	Outside auditor of the Company
December 2012	Auditor (outside auditor) of Oriental Consultants Holdings Co., Ltd. (formerly known as ACKG Limited)
March 2015	Outside director of the Company
December 2015	Director (outside director) of Oriental Consultants Holdings Co., Ltd. (formerly known as ACKG Limited) (incumbent)
February 2018	Director (Audit and Supervisory Committee Member) (outside director) of OSG Corporation (incumbent)
June 2022	Director (Audit and Supervisory Committee Member) (outside director) of TOA OIL Corporation (to present)

**Chihiro Kawai**

Date of birth: June 14, 1973

Certified public accountant and tax accountant

Brief History

April 1997	Registered as a certified public accountant
July 2006	Registered as a tax accountant
July 2006	Established Chihiro Kawai Accounting Office (currently known as Bayside Partners Accounting Office)
June 2016	Established Bayside Partners Kabushiki Kaisha and becomes its representative director (incumbent)
June 2021	Outside auditor of Utoc Corporation (to present)

## Exhibit 3

### Summary of the Regulations of the Independent Committee

- Article 1. The Company shall establish an independent committee (the “Independent Committee”) in conjunction with the introduction and renewal of countermeasures against large-scale purchases of the stock and other equity securities of the Company (takeover defense measures; hereinafter the “Plan”). The purpose of the Independent Committee is to make recommendations on triggering or non-triggering of countermeasures under the Plan in response to consultations from the board of directors (the “Board”), thereby contributing to ensuring the fairness and neutrality of the Board’s decisions.
- Article 2. 1. The Independent Committee shall have no less than three members, who shall be appointed from among the Company’s outside auditors and persons satisfying all of the conditions specified below (the “Outside Experts”); provided that at least one outside auditor and one Outside Expert must be in office at all times. Upon assuming office, each appointed committee member shall enter into with the Company a contract which includes, in principle, a clause on his/her duty of care of a prudent manager to the Company.
- (i) A person who is not, and has never been a director (excluding an outside director; the same applies in this Article), an auditor (excluding an outside auditor; the same shall apply in this Article), or the like of the Company, or any of the subsidiaries and affiliates of the Company (collectively, the “Company Parties”);
  - (ii) A person who is not, and has never been a relative of a certain extent of the directors or auditors of the Company Parties;
  - (iii) A person who is not a business partner of the Company Parties and has no special interest in the Company Parties; and
  - (iv) A person with a certain level of experience in, or a professional, expert, etc. in corporate management (proven corporate managers, persons familiar with investment banking, lawyers, certified public accountants, researchers whose main research subject is the Companies Act and related fields, or persons equivalent to them).
2. Appointment and dismissal of committee members shall be made by resolution of the Board; provided, however, that the affirmative vote of no less than two-thirds of the directors present shall be required for a resolution for the dismissal of a committee member.
- Article 3. The Independent Committee shall, in principle, deliberate and resolve the matters described in the items below, and recommend the substance of the resolution to the Board, indicating the reasons therefor. When making a resolution as an organ under the Companies Act, the Board shall pay the utmost respect for the recommendations of the Independent Committee. Each committee member and each director shall be required to make such a resolution solely from the perspective of whether it will contribute to the corporate value and interests of the Company, and eventually to common interests of the shareholders, and shall not do so for the purpose of personal gain of themselves or of the management of the Company.
- (i) Whether or not the large-scale purchaser is in compliance with the procedures specified in the Plan;
  - (ii) Determination of whether the terms of the acquisition proposal will significantly damage the Company’s corporate value and interests, and eventually the shareholders’ common interests, and whether or not to trigger countermeasures;
  - (iii) Cancellation of any countermeasure;

(iv) In addition to (i) through (iii) above, matters for which the Independent Committee is granted authority under the Plan;

(v) Matters regarding the Plan for which the Board has consulted the Independent Committee; and

(vi) Matters separately determined by the Board that the Independent Committee may perform.

Article 4. In principle, a resolution of the Independent Committee shall be adopted by a majority of the members present at a meeting attended by no less than two-thirds of the members; provided, however, that in the event of any unavoidable circumstance, a resolution of the Independent Committee may be adopted by a majority of the members present at a meeting attended by a majority of the members.

Article 5. The Independent Committee may obtain, at the Company's expense, advice from third parties (including investment banks, securities companies, financial advisers, lawyers, certified public accountants, and other experts) in a position independent of the Company.

Article 6. The term of office of each committee member shall be until the conclusion of the annual general meeting of shareholders for the last business year ending within one year after the conclusion of the most recent annual general meeting of shareholders at which the Plan was approved unless otherwise provided by resolution of the Board.

Article 7. The Board may, by its resolution, convene a meeting of the Independent Committee.

Article 8. The Board may request the Independent Committee to allow one director to attend a meeting of the Independent Committee and give the director an opportunity to explain necessary matters if the Board deems it necessary for the deliberation by the Independent Committee.

Article 9. If so requested by the Board, the Independent Committee shall explain the reasons and rationale for making certain recommendations.

## Exhibit 4

### Terms and Conditions of Stock Acquisition Rights of Nippon Carbon Co., Ltd.

#### I. Determination of matters relating to gratis allotment of stock acquisition rights

(1) Description and number of stock acquisition rights

The Company shall allot stock acquisition rights whose details are in substance as described in II. below (individually or collectively, the “Stock Acquisition Rights”) in the number determined by the board of directors (the “Board”), which shall be no less than the final total number of issued shares in the Company (the “Company Shares”) as of a certain date (the “Allotment Date”) determined by the Board in the resolution for a gratis allotment of the Stock Acquisition Rights (the “Stock Acquisition Rights Gratis Allotment Resolution”) (but excluding the number of the Company Shares held by the Company as of the Allotment Date).

(2) Shareholders subject to allotment

The Stock Acquisition Rights shall be allotted to the shareholders (excluding the Company) entered or recorded in the final shareholder register of the Company as of the Allotment Date at a ratio determined by the Board, which shall be no less than one Stock Acquisition Right per Company Share held by the shareholder.

(3) Effective date of the gratis allotment of the Stock Acquisition Rights

The effective date of gratis allotment will be determined in the Stock Acquisition Rights Gratis Allotment Resolution.

#### II. Details of the Stock Acquisition Rights

(1) Class and number of shares underlying the Stock Acquisition Rights

The class of shares underlying the Stock Acquisition Rights shall be the common stock of the Company, and the number of shares underlying the Stock Acquisition Rights (the “Number of Subject Shares”) shall be the number determined by the Board, which shall be not more than one share.

(2) Value of assets to be contributed upon exercise of Stock Acquisition Rights

- 1) The subject of contribution to be made upon exercise of the Stock Acquisition Rights shall be money, whose value shall be that obtained by multiplying the Exercise Price (as defined in 2) below) by the Number of Subject Shares.
- 2) The value per Company Share of the asset to be contributed upon the exercise of the Stock Acquisition Rights (the “Exercise Price”) shall be JPY 1.

(3) Exercise period of Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall be a period determined by the Stock Acquisition Rights Gratis Allotment Resolution with the first day being a date determined by the Stock Acquisition Rights Gratis Allotment Resolution; provided, however, that if the Company acquires Stock Acquisition Rights pursuant to the provisions of Paragraph (7)-2) below, the Stock Acquisition Rights may not be exercised during the period from the date of the Company’s notice or public announcement of such acquisition to the date of such

acquisition. In addition, if the last day of the exercise period falls on a holiday of the place of payment of the amount to be paid upon exercise, the immediately preceding business day shall be treated as the last day of the exercise period.

(4) Conditions for exercise of the Stock Acquisition Rights

- 1) The Stock Acquisition Rights may not be exercised by (i) a Specified Large Holder, (ii) a Joint Holder of a Specified Large Holder, (iii) a Specified Large-scale Purchaser, (iv) a Specially Related Party of a Specified Large-scale Purchaser, or (v) a person who has received a transfer of, or has succeeded to the Stock Acquisition Rights from a person falling under any of (i) through (iv) above without obtaining the Board's approval, or (vi) a Related Party of a person falling under any of (i) through (v) above.

The terms used in the preceding paragraph shall be defined as follows:

- (i) "Specified Large Holder" means a holder (including those included in holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act) of share certificates, etc. (as defined in Article 27-23, Paragraph 1 of the said Act; hereinafter the same unless otherwise provided) issued by the Company whose holding ratio of share certificates, etc. (as defined in Article 27-23, Paragraph 4 of the said Act) with respect to the relevant share certificates, etc. is 20% or more (including those who are deemed by the Board to fall under this category).
- (ii) "Joint Holder" refers to the joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and includes a person deemed to be a joint holder pursuant to Paragraph 6 of the said Article (including those deemed by the Board to fall under this category).
- (iii) "Specified Large-scale Purchaser" means a person who has made a purchase and the like (which means the purchase and other acquisition for compensation and includes the acts similar to acquisition for compensation as provided in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act; hereafter the same) of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies in this (iii)) issued by the Company to the extent that, after the relevant purchase and the like, the total of the ownership ratio of share certificates, etc. (as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act; hereinafter the same) under the ownership (including cases similar thereto as provided in Article 7, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act) of that person and the ownership ratio of share certificates, etc. of the Specially Related Parties of that person will be 20% or more.
- (iv) "Specially Related Party" is as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including those deemed by the Board to fall under this category), but excludes, among the persons listed in Item 1 of the said Paragraph, those provided in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other than Issuers.
- (v) "Related Party" of an entity means any person recognized by the Board as substantially Controlling the entity, being Controlled by the entity, being under common Control with

the entity, or acting in concert with the entity. "Control" refers to "where an entity controls the decision on the financial and business policies of other companies, etc." (as defined in Article 3 of the Ordinance for Enforcement of the Companies Act).

- 2) Notwithstanding 1) above, a person who falls under any of (i) through (iv) below shall not constitute a Specified Large Holder or a Specified Large-scale Purchaser.
  - (i) The Company, the Company's subsidiary companies (as defined in Article 8, Paragraph 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements) or the Company's affiliated companies (as defined in Article 8, Paragraph 5 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements);
  - (ii) A person who is recognized by the Board as constituting a Specified Large Holder under 1)-(i) above with no intention of controlling the Company and who ceases to constitute a Specified Large Holder under 1)-(i) above by disposing of the shares and other equity securities of the Company held by that person within ten days (this period may be extended by the Board) after constituting a Specified Large Holder under 1)-(i) above;
  - (iii) A person who is recognized by the Board as constituting a Specified Large Holder under 1)-(i) above due to the acquisition of treasury shares by the Company or for any other reason without the person's will (but excluding the case where the person has subsequently acquired shares or other equity securities of the Company at the person's own will); or
  - (iv) A person whose acquisition and holding of shares and other equity securities of the Company is recognized by the Board as not being contrary to the Company's corporate value or interests, and eventually to the shareholders' common interests (The Board may recognize that a person recognized by itself as falling under any of (i) through (vi) of 1) above is not contrary to the Company's corporate value or interests, and eventually to the shareholders' common interests, and if the Board has recognized that such a person is not contrary to the Company's corporate value or interests, and eventually to the shareholders' common interests under certain conditions, only in the case such conditions are met.).
- 3) A holder of Stock Acquisition Rights may exercise his/her/its Stock Acquisition Rights only upon submission to the Company of (x) a document containing a representations and warranties clause to the effect, among others, that he/she/it does not fall under any of (i) through (vi) of 1) above and is not a person intending to exercise his/her/its Stock Acquisition Rights on behalf of a person falling under any of (i) through (vi) of 1) above, and that he/she/it satisfies the condition for exercising the Stock Acquisition Rights, an indemnity clause, and other covenants regarding matters determined by the Company and stating necessary matters such as the details and number of Stock Acquisition Rights to be exercised, the scheduled date of exercise of the Stock Acquisition Rights, and the book-entry account (excluding special accounts) for recording his/her/its Company Shares, and (y) any documents required by laws, regulations and the like.

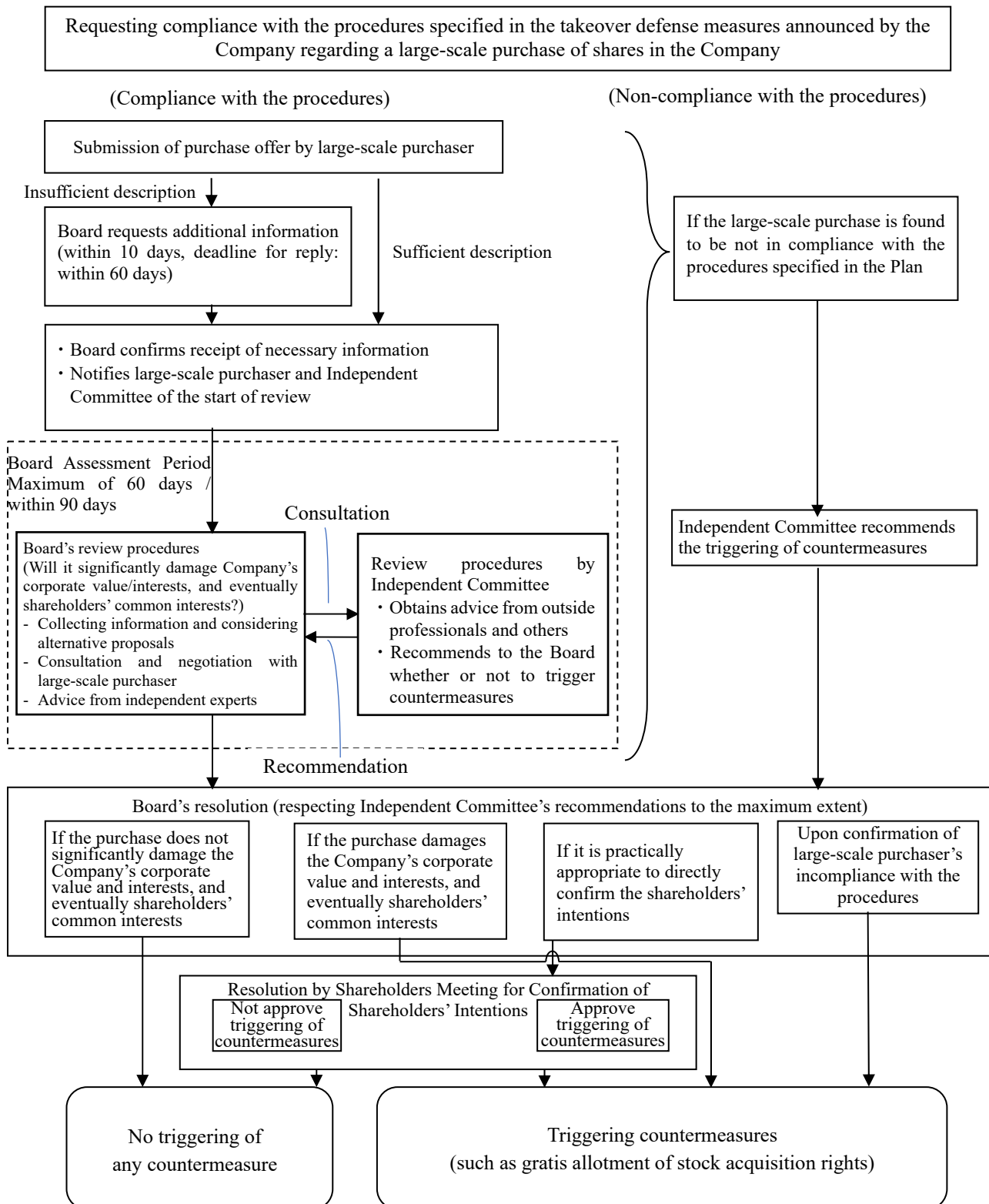


- 4) The Company shall not assume any liability for damage or other responsibilities to any holder of Stock Acquisition Rights who is not allowed to exercise his/her/its Stock Acquisition Rights pursuant to the provisions of this Paragraph (4).
- (5) Stated capital and capital reserves to be increased in the case shares are issued upon exercise of Stock Acquisition Rights  
The amounts of stated capital and capital reserves to be increased in the case Company Shares are issued upon exercise of Stock Acquisition Rights shall be the amounts separately specified in the Stock Acquisition Rights Gratis Allotment Resolution.
- (6) Restriction on transfer of Stock Acquisition Rights  
Acquisition by transfer of Stock Acquisition Rights shall be subject to the approval of the Board.
- (7) Acquisition of Stock Acquisition Rights by the Company
  - 1) At any time until the day before the commencement date of the exercise period of the Stock Acquisition Rights provided in Paragraph (3) above, the Company may acquire all Stock Acquisition Rights without compensation on a date specified by the Board if the Board recognizes that such acquisition is appropriate.
  - 2) Upon the arrival of the date specified by the Board, the Company may acquire all of the Stock Acquisition Rights held by persons other than those who are not allowed to exercise their Stock Acquisition Rights pursuant to the provisions of Paragraph (4)-1) above that have not been exercised by the day before the relevant date specified by the Board, and may deliver, in exchange therefor, the Company Shares in the Number of Subject Shares for each Stock Acquisition Right.
  - 3) The Board may decide in the Stock Acquisition Rights Gratis Allotment Resolution an acquisition clause to the effect that the Company will acquire the Stock Acquisition Rights held by those who are not allowed to exercise their Stock Acquisition Rights pursuant to the provisions of Paragraph (4)-1) above in exchange for other stock acquisition rights with a certain exercise condition or acquisition clause.
- (8) Delivery of Stock Acquisition Rights in the case of a merger/consolidation, company split, share exchange or share transfer, and the conditions therefor  
To be determined by the Board in the Stock Acquisition Rights Gratis Allotment Resolution.
- (9) Issuance of stock acquisition right certificates  
No stock acquisition right certificate shall be issued for the Stock Acquisition Rights.
- (10) Modification due to amendment, abolition, etc. of laws and regulations  
The provisions of laws and regulations cited above are based on the provisions in effect as of February 9, 2024. If any revision to the provisions or the meanings of the terms set forth above becomes necessary due to any establishment, amendment or abolition of laws and regulations after February 10, 2022, the Board may deem that the provisions or the meanings of the terms set forth above have been replaced as appropriate to a reasonable extent, taking into consideration the purport of such establishment, amendment or abolition.

End

**(Reference Material)**

**Flowchart of sequence from the commencement of a Large-scale Purchase of Company Shares**



(Note) This flowchart describes an outline of the procedures under the Plan. For details, please refer to the text of the notice.