

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 6480

June 8, 2023

To our shareholders:

Shigeki Miyachi, President & CEO
NIPPON THOMPSON CO., LTD.
19-19 Takanawa 2-chome, Minato-ku, Tokyo

NOTICE OF THE 74TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 74th Ordinary General Meeting of Shareholders of NIPPON THOMPSON CO., LTD. (the “Company”), which will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing in electronic format the information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken). This information is posted on each of the following websites, so please access either of those websites to confirm the information.

The Company’s website:

<https://www.ikont.co.jp/> (in Japanese)

(From the above website, select “Investor Relations,” “IR Library,” then “General Shareholders Meeting.”)

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

<https://d.sokai.jp/6480/teiji/> (in Japanese)

TSE website (Listed Company Search):

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

(Access the TSE website by using the internet address shown above, enter “Nippon Thompson” in “Issue name (company name)” or the Company’s securities code “6480” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you will not be attending the meeting in person, you may exercise your voting rights via the Internet, etc., or by postal mail. Please review the Reference Documents for the General Meeting of Shareholders (Japanese only) and exercise your voting rights no later than 5:12 p.m., Monday, June 26, 2023 (Japan Standard Time).

- 1. Date and time:** Tuesday, June 27, 2023 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Headquarters Building of NIPPON THOMPSON CO., LTD.
19-19 Takanawa 2-chome, Minato-ku, Tokyo

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 74th Term (from April 1, 2022 to March 31, 2023), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 74th Term (from April 1, 2022 to March 31, 2023)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
Proposal 2: Election of nine (9) Directors
Proposal 3: Election of three (3) Corporate Auditors
Proposal 4: Partial change and continuance of countermeasures to large-scale acquisition actions of the Company's shares (takeover defense measures)

4. Matters decided in connection with this convocation

- (1) If there is no indication of a vote for or against any proposal on the voting form, it shall be treated as an indication of a vote for the proposal.
 - (2) If voting rights are exercised both in writing (by mail) and via the Internet, etc., the exercise of voting rights via the Internet, etc., shall be treated as the valid exercise of voting rights. In addition, if voting rights are exercised multiple times via the Internet, etc., the final votes submitted shall be treated as the valid exercise of voting rights.
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1. If you plan to attend the meeting in person, please present the voting form at the reception desk upon your arrival.
 2. The reception desk is scheduled to open at 9:00 a.m. on the day of the meeting.
 3. Please understand that no gifts will be offered to the shareholders attending the meeting.
 4. If any changes have been made to the Reference Documents for the General Meeting of Shareholders as well as the Business Report, the Non-Consolidated Financial Statements and the Consolidated Financial Statements, a notice of the changes and the details of the matters before and after the changes will be posted on each of the websites above.
 5. The paper-based documents sent to shareholders also serve as documents containing the items for which measures for providing information in electronic format are to be taken pursuant to requests for the delivery of paper-based documents.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of surplus

Matters concerning year-end dividends

The Company positions the distribution of profits to shareholders as an important management issue, and its basic policy is to maintain a stable dividend, while comprehensively taking into consideration factors such as the level of business performance.

For the fiscal year under review, based on this basic policy, the Company proposes to pay a fiscal year-end dividend per share of 10 yen, equivalent to an annual dividend per share of 19 yen, when combined with the interim dividend, an increase of 6 yen compared with the previous fiscal year.

- (1) Allotment of dividend property to shareholders and its total amount
10 yen per share of common stock of the Company
Total amount: 725,575,130 yen
- (2) Effective date of dividends of surplus
June 28, 2023

Proposal 2: Election of nine (9) Directors

The term of office of all nine (9) current Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of nine (9) Directors.

The candidates are as follows.

Candidate no.	Name	Gender	Current positions and responsibilities in the Company	Candidate attributes
1	Shigeki Miyachi	Male	President & CEO	Reelection
2	Nobuya Hideshima	Male	Senior Managing Director, in charge of Production Dept. and Legal Dept.	Reelection
3	Toshinao Kimura	Male	Managing Director, in charge of Sales Dept. and Sales Engineering Dept., and deputy in charge of Corporate Business Development Dept. and Products Development Center	Reelection
4	Koji Shimomura	Male	Managing Director, in charge of Corporate Planning Dept., Personnel and General Affairs Dept., Accounting Dept., Logistics Operations Dept. and Secretary Dept., deputy in charge of Corporate Business Development Dept., and General Manager of Export Administration Dept.	Reelection
5	Tooru Okajima	Male	Managing Director, in charge of Information System Dept. and DX Promotion, deputy in charge of Production Dept., and General Manager of Gifu Factory Complex	Reelection
6	Shin Kasahara	Male	Managing Director, in charge of Corporate Business Development Dept., Quality Assurance Dept., Products Development Center, Technical Center, UBC (Shanghai) Precision Bearing MFG. Co., Ltd. and UBC (Suzhou) Bearing Co., Ltd., and General Manager of Technical Center	Reelection
7	Youichi Takei	Male	Non-Executive Director	Reelection Outside Independent
8	Satoshi Saito	Male	Non-Executive Director	Reelection Outside Independent
9	Atsuko Noda	Female	Non-Executive Director	Reelection Outside Independent

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Shigeki Miyachi (April 14, 1956) Gender: Male Reelection	Apr. 1979	Joined The Tokai Bank, Limited (currently MUFG Bank, Ltd.)	121,772 shares
		Oct. 2008	Joined the Company, General Manager attached to Director in charge of Corporate Planning Dept.	
		Jan. 2009	General Manager of Corporate Planning Dept.	
		June 2010	Managing Director and General Manager of Corporate Planning Dept.	
		June 2012	President & CEO (current position)	
<p>Reasons for nomination as candidate for Director</p> <p>Shigeki Miyachi has participated in financial operations over many years, and was appointed as President & CEO of the Company in 2012. As such, he has abundant experience and achievements, as well as broad knowledge, as a manager. Accordingly, the Company has judged that he is suitably qualified to promote the management of the Group and strengthen corporate governance, and therefore proposes his election as Director.</p>				
2	Nobuya Hideshima (January 9, 1954) Gender: Male Reelection	Apr. 1978	Joined Yamaha Motor Co., Ltd.	3,525 shares
		Mar. 2009	Executive Officer	
		Mar. 2010	Senior Executive Officer	
		Mar. 2011	Director & Senior Executive Officer	
		Mar. 2013	Director & Managing Executive Officer	
		Dec. 2016	Director of The Graduate School for the Creation of New Photonics Industries	
		Mar. 2017	Adviser of Yamaha Motor Co., Ltd.	
		June 2017	Non-Executive Director of Fujibo Holdings, Inc.	
		June 2018	Non-Executive Director of ShinMaywa Industries, Ltd.	
		June 2019	Non-Executive Director of the Company	
		June 2022	Senior Managing Director, in charge of Production Dept. and Legal Dept. (current position)	
<p>Reasons for nomination as candidate for Director</p> <p>Nobuya Hideshima has participated in management over many years, and has participated mainly in the Production functions in the Company. As such, he has abundant experience and achievements, as well as broad knowledge. He can be expected to utilize these qualities to contribute to all aspects of the management of the Group and enhance corporate value, and therefore the Company proposes his election as Director.</p>				

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Toshinao Kimura (November 23, 1957) Gender: Male Reelection	Apr. 1981 July 2004 June 2006 June 2008 June 2010 July 2012 Sept. 2012 June 2013 Apr. 2015 June 2017 Apr. 2018 Apr. 2022	<p>Joined the Company</p> <p>General Manager of Kita-Kanto Branch Office, Eastern Japan Regional Office</p> <p>General Manager of Eastern Japan Regional Office</p> <p>General Manager of Sales & Marketing Headquarters</p> <p>Director and General Manager of Sales & Marketing Headquarters</p> <p>Director, General Manager of Sales & Marketing Headquarters, and General Manager of Overseas Sales Dept. II</p> <p>Director, in charge of Domestic Sales Dept., Sales Engineering Dept., Logistics Operations Dept. and Global Marketing Promotion Dept., General Manager of Sales & Marketing Headquarters, and General Manager of Overseas Sales Dept. II</p> <p>Director and General Manager of Overseas Sales Dept. I</p> <p>Director and Senior Executive Officer, Chairman of IKO INTERNATIONAL, INC., and Chairman of NIPPON THOMPSON EUROPE B.V.</p> <p>Director and Senior Executive Officer, and General Manager of Gifu Factory Complex</p> <p>Managing Director, deputy in charge of Production Dept., and General Manager of Gifu Factory Complex</p> <p>Managing Director, in charge of Sales Dept. and Sales Engineering Dept., and deputy in charge of Corporate Business Development Dept. and Products Development Center (current position)</p>	25,696 shares
<p>Reasons for nomination as candidate for Director</p> <p>Toshinao Kimura has participated mainly in Sales Dept. and Production Dept., including operations overseas, and has abundant experience and achievements, as well as broad knowledge. He can be expected to utilize these qualities to contribute to all aspects of the management of the Group and enhance corporate value, and therefore the Company proposes his election as Director.</p>				

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
4	Koji Shimomura (September 27, 1957) Gender: Male Reelection	Apr. 1981 June 2004 July 2006 June 2008 July 2010 June 2012 June 2013 July 2014 Apr. 2015 Apr. 2016 Jan. 2017 Apr. 2018 Apr. 2019 May 2020 Apr. 2022	<p>Joined the Company</p> <p>General Manager of Tohoku Branch Office, Eastern Japan Regional Office</p> <p>General Manager of Minami-Kanto Branch Office, Eastern Japan Regional Office</p> <p>General Manager of Eastern Japan Regional Office</p> <p>General Manager of Western Japan Regional Office</p> <p>Director and General Manager of Western Japan Regional Office</p> <p>Director and General Manager of Sales & Marketing Headquarters</p> <p>Director and General Manager of Sales & Marketing Administration Dept.</p> <p>Director and Executive Officer, and General Manager of Sales & Marketing Administration Dept.</p> <p>Director and Senior Executive Officer, and General Manager of Sales & Marketing Administration Dept.</p> <p>Director and Senior Executive Officer, deputy in charge of Corporate Business Development Dept., and General Manager of Sales & Marketing Administration Dept.</p> <p>Managing Director, in charge of Sales Dept. and Sales Engineering Dept., and deputy in charge of Corporate Business Development Dept.</p> <p>Managing Director, in charge of Sales Dept. and Sales Engineering Dept., and deputy in charge of Corporate Business Development Dept. and Products Development Center</p> <p>Managing Director, in charge of Sales Dept., Personnel and General Affairs Dept. and Sales Engineering Dept., and deputy in charge of Corporate Business Development Dept. and Products Development Center</p> <p>Managing Director, in charge of Corporate Planning Dept., Personnel and General Affairs Dept., Accounting Dept., Logistics Operations Dept. and Secretary Dept., deputy in charge of Corporate Business Development Dept., and General Manager of Export Administration Dept. (current position)</p>	60,540 shares
<p>Reasons for nomination as candidate for Director</p> <p>Koji Shimomura has participated mainly in Administration functions and Sales Dept., and has abundant experience and achievements, as well as broad knowledge. He can be expected to utilize these qualities to contribute to all aspects of the management of the Group and enhance corporate value, and therefore the Company proposes his election as Director.</p>				

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Tooru Okajima (July 8, 1961) Gender: Male Reelection	<p>Apr. 1984 Joined The Tokai Bank, Limited (currently MUFG Bank, Ltd.)</p> <p>June 2013 Joined the Company, General Manager attached to Director in charge of Corporate Planning Dept.</p> <p>July 2013 General Manager of Corporate Planning Dept.</p> <p>June 2014 Executive Officer and General Manager of Corporate Planning Dept.</p> <p>Apr. 2015 Executive Officer, in charge of Accounting Dept., Logistics Operations Dept. and Secretary Dept., and General Manager of Corporate Planning Dept.</p> <p>June 2015 Director and Executive Officer, in charge of Accounting Dept., Logistics Operations Dept. and Secretary Dept., and General Manager of Corporate Planning Dept.</p> <p>Apr. 2016 Director and Senior Executive Officer, in charge of Accounting Dept., Information System Dept., Logistics Operations Dept. and Secretary Dept., and General Manager of Corporate Planning Dept.</p> <p>Jan. 2017 Director and Senior Executive Officer, in charge of Accounting Dept., Information System Dept., Logistics Operations Dept. and Secretary Dept., deputy in charge of Corporate Business Development Dept., and General Manager of Corporate Planning Dept.</p> <p>June 2017 Director and Senior Executive Officer, in charge of Accounting Dept., Information System Dept., Logistics Operations Dept., and Secretary Dept., deputy in charge of Corporate Business Development Dept., General Manager of Corporate Planning Dept., and General Manager of Export Administration Dept.</p> <p>Apr. 2018 Managing Director, in charge of Accounting Dept., Information System Dept., Logistics Operations Dept. and Secretary Dept., deputy in charge of Corporate Business Development Dept., General Manager of Corporate Planning Dept., and General Manager of Export Administration Dept.</p> <p>Apr. 2021 Managing Director, in charge of Corporate Planning Dept., Accounting Dept., Information System Dept., Logistics Operations Dept., Secretary Dept. and DX Promotion, deputy in charge of Corporate Business Development Dept., and General Manager of Export Administration Dept.</p> <p>Apr. 2022 Managing Director, in charge of Information System Dept. and DX Promotion, deputy in charge of Production Dept., and General Manager of Gifu Factory Complex (current position)</p>	38,831 shares

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
		<p>Reasons for nomination as candidate for Director</p> <p>Tooru Okajima has participated in financial operations over many years, and has participated mainly in the Administration functions in the Company, such as the Corporate Planning Dept. As such, he has abundant experience and achievements, as well as broad knowledge. He can be expected to utilize these qualities to contribute to all aspects of the management of the Group and enhance corporate value, and therefore the Company proposes his election as Director.</p>	

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
6	Shin Kasahara (August 28, 1961) Gender: Male Reelection	<p>Apr. 1984</p> <p>July 2008</p> <p>July 2013</p> <p>Apr. 2016</p> <p>June 2016</p> <p>Jan. 2017</p> <p>Apr. 2018</p> <p>Apr. 2019</p> <p>May 2020</p> <p>June 2020</p> <p>Apr. 2021</p> <p>Apr. 2022</p>	<p>Joined the Company</p> <p>General Manager of Sales Engineering Dept.</p> <p>General Manager of Technical Dept., Technical Center</p> <p>Executive Officer and General Manager of Technical Center</p> <p>Director and Executive Officer, and General Manager of Technical Center</p> <p>Director and Executive Officer, in charge of Corporate Business Development Dept., General Manager of Technical Center, and Chairman of UBC (Suzhou) Bearing Co., Ltd.</p> <p>Director and Executive Officer, in charge of Corporate Business Development Dept. and Technical Dept., and Chairman of UBC (Suzhou) Bearing Co., Ltd.</p> <p>Director and Executive Officer, in charge of Corporate Business Development Dept., Quality Assurance Dept., Products Development Center and Technical Center, and Chairman of UBC (Suzhou) Bearing Co., Ltd.</p> <p>Director and Executive Officer, in charge of Corporate Business Development Dept. and Quality Assurance Dept., deputy in charge of Products Development Center and Technical Center, and Chairman of UBC (Suzhou) Bearing Co., Ltd.</p> <p>Director, in charge of Corporate Business Development Dept. and Quality Assurance Dept., deputy in charge of Products Development Center and Technical Center, and Chairman of UBC (Suzhou) Bearing Co., Ltd.</p> <p>Director, in charge of Corporate Business Development Dept., Quality Assurance Dept., UBC (Shanghai) Precision Bearing MFG. Co., Ltd. and UBC (Suzhou) Bearing Co., Ltd., deputy in charge of Products Development Center, and General Manager of Technical Center</p> <p>Managing Director, in charge of Corporate Business Development Dept., Quality Assurance Dept., Products Development Center, Technical Center, UBC (Shanghai) Precision Bearing MFG. Co., Ltd. and UBC (Suzhou) Bearing Co., Ltd., and General Manager of Technical Center (current position)</p>	20,562 shares
<p>Reasons for nomination as candidate for Director</p> <p>Shin Kasahara has participated mainly in the Technical Dept., and has abundant experience and achievements, as well as broad knowledge. He can be expected to utilize these qualities to contribute to all aspects of the management of the Group and enhance corporate value, and therefore the Company proposes his election as Director.</p>				

Candidate no.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
7	Youichi Takei (June 10, 1961) Gender: Male Reelection Outside Independent	Apr. 1993	Registered as attorney at law (Dai-Ichi Tokyo Bar Association), joined Iwata Godo	0 shares
		Apr. 2000	Partner of Meitetsu Law Offices (current position)	
		June 2003	Non-Executive Corporate Auditor of the Company	
		June 2006	Non-Executive Corporate Auditor of YAMAKIN (JAPAN) CO., LTD. (current position)	
		June 2013	Non-Executive Director of the Company (current position)	
		June 2020	Non-Executive Director of Daio Paper Corporation (current position)	
		Jan. 2022	Non-Executive Corporate Auditor of Nippon Export and Investment Insurance (current position)	
Reasons for nomination as candidate for Non-Executive Director and overview of expected role Youichi Takei has a specialist standpoint as an attorney, as well as a high level of achievements related to corporate legal affairs, and he has appropriately supervised management as a Non-Executive Director since June 2013. The Company values his experience and skills highly, and because his objective and legal standpoint based on these qualities is expected to be reflected in the management of the Group as his role if he is elected as Non-Executive Director, the Company proposes his election as Non-Executive Director.				
8	Satoshi Saito (May 16, 1959) Gender: Male Reelection Outside Independent	Apr. 1982	Joined The Tokai Bank, Limited (currently MUFG Bank, Ltd.)	0 shares
		Mar. 2002	Left UFJ Bank Limited (currently MUFG Bank, Ltd.)	
		Apr. 2002	Assistant Professor of School of Information-Oriented Management, SANNO University	
		Apr. 2005	Professor of School of Management (current position)	
		June 2007	Non-Executive Corporate Auditor of the Company	
		June 2016	Non-Executive Director (current position)	
Reasons for nomination as candidate for Non-Executive Director and overview of expected role Satoshi Saito has a deep knowledge of accounting, management, and law, as well as a specialist standpoint and broad insight as a university professor, and he has appropriately supervised management as a Non-Executive Director since June 2016. The Company values his experience and skills highly, and because his objective and specialist standpoint based on his experience and skills is expected to be reflected in the management of the Group as his role if he is elected as Non-Executive Director, the Company proposes his election as Non-Executive Director.				
9	Atsuko Noda (January 12, 1961) Gender: Female Reelection Outside Independent	Apr. 1983	Joined Japan Airlines Co., Ltd.	0 shares
		Apr. 1991	Purser of the above company	
		Sept. 1994	Established Henkel & Grosse Japan Representative Office, Representative in Japan	
		Nov. 1995	Established Japan Duty Free Services LLC (currently Grosse Japan Inc.), Representative Director	
		Dec. 2002	Representative Director and CEO of Grosse Japan Inc. (current position)	
		June 2022	Non-Executive Director of the Company (current position)	
Reasons for nomination as candidate for Non-Executive Director and overview of expected role Atsuko Noda has participated in international corporate management in a different business sector to the Group over many years, and she has appropriately supervised management as a Non-Executive Director since June 2022. The Company values her experience and skills highly, and because her objective and specialist standpoint based on her experience and skills is expected to be reflected in the management of the Group as her role if she is elected as Non-Executive Director, the Company proposes her election as Non-Executive Director.				

Notes: 1. There are no special interest between any of the above candidates and the Company.

2. Youichi Takei, Satoshi Saito, and Atsuko Noda are candidates for Non-Executive Director.
3. When candidates for Non-Executive Director are persons who have not participated in corporate management in the past other than as a Non-Executive Director or Non-Executive Corporate Auditor, reasons the Company has judged that even the candidates who have not participated in management will be able to appropriately execute their duties as Non-Executive Director
 - (1) Youichi Takei has a high level of achievements related to corporate legal affairs based on his specialist standpoint as an attorney, and therefore the Company has judged that he will be able to appropriately execute his duties as Non-Executive Director.
 - (2) Satoshi Saito has a deep knowledge of accounting, management, and law, as well as an advanced standpoint and broad insight as a university professor, and therefore the Company has judged that he will be able to appropriately execute his duties as Non-Executive Director.
4. Years since the appointment of Non-Executive Director candidates as Non-Executive Directors
 - (1) Youichi Takei is currently a Non-Executive Director of the Company, and his term of office as Non-Executive Director will be ten (10) years at the conclusion of this Ordinary General Meeting of Shareholders.
 - (2) Satoshi Saito is currently a Non-Executive Director of the Company, and his term of office as Non-Executive Director will be seven (7) years at the conclusion of this Ordinary General Meeting of Shareholders.
 - (3) Atsuko Noda is currently a Non-Executive Director of the Company, and her term of office as Non-Executive Director will be one (1) year at the conclusion of this Ordinary General Meeting of Shareholders.
5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Youichi Takei, Satoshi Saito, and Atsuko Noda to limit their liability for damages as provided for in Article 423, paragraph (1) of the same. The maximum amount of liability for damages pursuant to this agreement is the minimum amount of liability stipulated in laws and regulations, and if these candidates are reelected as Non-Executive Directors, the Company intends to continue these agreements with them.
6. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Youichi Takei, Satoshi Saito, and Atsuko Noda as independent directors who are unlikely to have conflicts of interest with general shareholders, whose designation is required by Tokyo Stock Exchange, Inc. If these candidates are reelected as Non-Executive Directors, the Company intends for them to continue to serve as independent directors.
7. The number of shares of the Company held by Director candidates includes holdings via the Nippon Thompson Officers Shareholders' Association.
8. Summary of directors & officers liability insurance policy

The Company has entered into a directors & officers liability insurance policy with an insurance company with Directors as the insured, as provided for in Article 430-3, paragraph (1) of the Companies Act. The Company intends to renew this policy in September 2023.

If the election of each candidate in this proposal is approved and passed, each candidate will continue to be included in the insured.

 - (1) Summary of insurance incidents covered

The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.
 - (2) Insurance premiums

All insurance premiums are borne by the Company.

Proposal 3: Election of three (3) Corporate Auditors

Of the four (4) incumbent Corporate Auditors, the term of office of Toshihiko Goto, Taketo Nasu, and Kazuhisa Hayashida will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of three (3) Corporate Auditors.

Furthermore, the consent of the Board of Corporate Auditors has been obtained in relation to this proposal.

The candidates are as follows.

Candidate no.	Name	Gender	Current positions and responsibilities in the Company	Candidate attributes
1	Nobuhiro Matsumoto	Male		New election
2	Taketo Nasu	Male	Non-Executive Corporate Auditor	Reelection Outside Independent
3	Kazuhisa Hayashida	Male	Non-Executive Corporate Auditor	Reelection Outside Independent

Candidate no.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held	
1	* Nobuhiro Matsumoto (July 5, 1963) Gender: Male New election	Apr. 1987	Joined The Tokai Bank, Limited (currently MUFG Bank, Ltd.)	0 shares
		June 2013	Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
		June 2017	Member of the Board of Directors (Member of the Audit & Supervisory Committee)	
		June 2019	Corporate Auditor of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (current position)	
		June 2019	Member of the Board of Directors (Member of the Audit & Supervisory Committee) of Mitsubishi UFJ Securities Holdings Co., Ltd. (current position)	
Reasons for nomination as candidate for Corporate Auditor In order for Nobuhiro Matsumoto's expertise, abundant experience and achievements, and broad knowledge related to financial operations, which he has participated in over many years, to be reflected in the Group's audits, the Company proposes his election as Corporate Auditor.				
2	Taketo Nasu (August 18, 1968) Gender: Male Reelection Outside Independent	Apr. 1996	Registered as attorney at law (Dai-Ichi Tokyo Bar Association), joined Yuasa Law & Patent Office (currently YUASA and HARA)	0 shares
		Jan. 2001	Registered as attorney at law in the State of New York, U.S.A.	
		Apr. 2006	Lecturer of Toin University of Yokohama Law School, Toin Gakuen	
		Apr. 2009	Partner of Blakemore & Mitsuki (current position)	
		June 2013	Non-Executive Corporate Auditor of the Company (current position)	
		Apr. 2014	Instructor of the Legal Training and Research Institute of the Supreme Court	
Reasons for nomination as candidate for Non-Executive Corporate Auditor In order for Taketo Nasu's specialist standpoint and abundant experience as an attorney to be reflected in the Group's audits, the Company proposes his election as Non-Executive Corporate Auditor.				

Candidate no.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
3	Kazuhisa Hayashida (December 18, 1973) Gender: Male Reelection Outside Independent	<p>Apr. 1997 Joined Tokyo Electron Ltd.</p> <p>Dec. 2006 Joined Misuzu Audit Corporation</p> <p>Aug. 2007 Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>Feb. 2014 Established Kazuhisa Hayashida CPA Office, Head of the office (current position)</p> <p>Sept. 2016 Non-Executive Director (Audit & Supervisory Committee member) of Nippon Engineering Consultants Co., Ltd.</p> <p>June 2017 Non-Executive Corporate Auditor of BlueMeme Inc. (current position)</p> <p>Dec. 2017 Corporate Auditor of OpenModels Inc. (current position)</p> <p>June 2019 Non-Executive Corporate Auditor of the Company (current position)</p> <p>July 2020 Non-Executive Corporate Auditor of Manabi-Aid Co., Ltd. (current position)</p> <p>July 2021 Non-Executive Director (Audit & Supervisory Committee member) of DN HOLDINGS CO., LTD. (current position)</p>	0 shares
<p>Reasons for nomination as candidate for Non-Executive Corporate Auditor</p> <p>In order for Kazuhisa Hayashida's expertise as a certified public accountant and abundant experience from participating in support for internal governance systems, various types of statutory audit, etc., to be reflected in the Group's audits, the Company proposes his election as Non-Executive Corporate Auditor.</p>			

- Notes:
- * indicates a new candidate for Corporate Auditor.
 - There are no special interest between the above candidates and the Company.
 - Taketo Nasu and Kazuhisa Hayashida are candidates for Non-Executive Corporate Auditor.
 - When candidates for Non-Executive Corporate Auditor are persons who have not participated in corporate management in the past other than as a Non-Executive Director or Non-Executive Corporate Auditor, reasons the Company has judged that even the candidates who have not participated in management will be able to appropriately execute their duties as Non-Executive Corporate Auditor
Taketo Nasu has abundant experience and expertise as an attorney, and therefore the Company has judged that he will be able to appropriately execute his duties as Non-Executive Corporate Auditor.
 - Years since the appointment of Non-Executive Corporate Auditor candidates as Non-Executive Corporate Auditor
 - Taketo Nasu is currently a Non-Executive Corporate Auditor of the Company, and his term of office as Non-Executive Corporate Auditor will be ten (10) years at the conclusion of this Ordinary General Meeting of Shareholders.
 - Kazuhisa Hayashida is currently a Non-Executive Corporate Auditor of the Company, and his term of office as Non-Executive Corporate Auditor will be four (4) years at the conclusion of this Ordinary General Meeting of Shareholders.
 - Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Taketo Nasu and Kazuhisa Hayashida to limit their liability for damages as provided for in Article 423, paragraph (1) of the same. The maximum amount of liability for damages pursuant to this agreement is the minimum amount of liability stipulated in laws and regulations, and if these candidates are reelected as Non-Executive Corporate Auditors, the Company intends to continue these agreements with them.
 - The Company has notified Tokyo Stock Exchange, Inc. of the designation of Taketo Nasu and Kazuhisa Hayashida as independent auditors who are unlikely to have conflicts of interest with general shareholders, whose designation is required by Tokyo Stock Exchange, Inc. If these candidates are reelected as Non-Executive Corporate Auditors, the Company intends for them to continue to serve as independent auditors.
 - Summary of directors & officers liability insurance policy
The Company has entered into a directors & officers liability insurance policy with an insurance company with Corporate Auditors as the insured, as provided for in Article 430-3, paragraph (1) of the Companies Act. The Company intends to renew this policy in September 2023.
If the election of each candidate in this proposal is approved and passed, each candidate will be included in the insured.
 - Summary of insurance incidents covered

The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.

(2) Insurance premiums

All insurance premiums are borne by the Company.

<Reference>

If Proposal 2 and Proposal 3 are approved and passed as originally proposed at this General Meeting of Shareholders, the main areas of expertise and experience of Directors and Corporate Auditors will be as follows.

		Expertise and experience						
		Corporate management	Manufacturing, technology, and development	Sales and marketing	Finance and accounting	Compliance and risk management	Personnel and human resources development	Global business
Directors	Shigeki Miyachi	●		●	●	●		
	Nobuya Hideshima	●	●			●		●
	Toshinao Kimura	●	●	●				●
	Koji Shimomura	●		●		●	●	
	Tooru Okajima	●			●	●		
	Shin Kasahara		●	●				
	Youichi Takei					●		
	Satoshi Saito	●			●	●	●	
	Atsuko Noda	●		●		●		●
Corporate Auditors	Nobuhiro Matsumoto	●			●	●		●
	Taketo Nasu					●		●
	Kazuhiko Kimura				●	●		
	Kazuhisa Hayashida		●		●	●		

Proposal 4: Partial change and continuance of countermeasures to large-scale acquisition actions of the Company’s shares (takeover defense measures)

At the meeting of the Board of Directors held on May 14, 2007, it was resolved that the Company should adopt countermeasures to the Large-Scale Acquisition Actions of the Company’s shares (takeover defense measures) as part of the Basic Policy on control over decisions on financial and business policies of the Company (as defined in the main paragraph of Article 118, item 3 of the Regulations for Enforcement of the Companies Act; hereinafter referred to as the “Basic Policy”), and as part of the measures to prevent inappropriate parties from controlling the Company’s decisions on financial and business policies (Article 118, item 3, *ro*, (2), of the Regulations for Enforcement of the Companies Act) in view of the Basic Policy, and the Company obtained the approval of shareholders at the 58th Ordinary General Meeting of Shareholders of the Company held on June 28, 2007. Thereafter, the Company obtained the approval of shareholders at the ordinary general meetings of shareholders of the Company held in 2009, 2011, 2013, 2015, 2017, 2019, and 2021, respectively, to partially change and continue the countermeasures (the plan approved by shareholders at the 72th Ordinary General Meetings of Shareholders of the Company held on June 25, 2021 shall be hereinafter referred to as the “Former Plan”).

The Former Plan shall remain effective until the closing of the first meeting of the Board of Directors to be held after the ordinary general meeting of shareholders for the last fiscal year ending within two (2) years after the closing of the 72th Ordinary General Meeting of Shareholders of the Company. In light of the recent trends of discussions regarding takeover defense measures after the introduction of the Former Plan, the Company, at the meeting of the Board of Directors held on May 22, 2023, confirmed that it will continue to maintain the Basic Policy, and resolved that it will make necessary changes to the Former Plan as follows (The plan after changes shall be hereinafter referred to as the “Plan”) and continue to adopt countermeasures as part of the measures to prevent inappropriate parties from controlling the Company’s decisions on financial and business policies in view of the Basic Policy.

Furthermore, it was determined with the approval of all directors, including Outside Directors that are Independent Officers, at the meeting of the Board of Directors mentioned above that a proposal for the approval of the continuance of takeover defense measures under the Plan shall be submitted to the 74th Ordinary General Meeting of Shareholders of the Company to be held on June 27, 2023 (hereinafter referred to as the “Ordinary General Meeting of Shareholders”). In addition, all of the auditors of the Company, including Outside Corporate Auditors that are Independent Officers and that were present at the meeting of the Board of Directors of the Company mentioned above, consented to the Plan on condition that the practical operation of the Plan would be properly carried out.

The Plan shall become effective on condition that the approval of the shareholders is obtained for the proposal mentioned above at the Ordinary General Meeting of Shareholders and the Former Plan shall be changed to the Plan on the same condition.

Upon continuance of the takeover defense measures under the Plan, the Company has updated the factual relationship concerning the Plan and has clarified the purpose thereof; however, the Plan does not substantially change the details of the Former Plan.

In the event that the Companies Act, the Financial Instruments and Exchange Act, or related rules, Cabinet Orders, Cabinet Office Orders, Ministerial Orders, etc. (hereinafter collectively referred to as “Laws and Regulations”) are amended (amendment includes changes in the names of Laws and Regulations and the enactment of new Laws and Regulations that succeed the previous Laws and Regulations) or brought into force, the provisions referred to in the Plan shall be replaced with the provisions of the Laws and Regulations that substantially succeed the provisions of the prior Laws and Regulations, as amended, except as otherwise provided by the Board of Directors of the Company.

* * *

1. Basic Policy

(1) Contents of the Basic Policy

The Company believes that corporate value will be generated through enhancing shareholders’ common interests, by striving to engage in prompt and flexible corporate activities through the utilization of operational, technical, and manufacturing know-how it has accumulated over time, and by contributing to the development of society, domestic and foreign, based on the management philosophy stated in (2) below. Thus, when a specific party or a group acquires 20% or more of all the voting rights of the Company

(hereinafter referred to as the “Controlling Shares”) whereby such acquisition is likely to infringe upon the corporate value or shareholders’ common interests, the Company will consider such specific party or group to be not appropriate for holding control over decisions regarding financial and business policies of the Company and shall take reasonable measures to ensure and enhance the corporate value and the shareholders’ common interests to the extent permitted by laws, regulations and the Articles of Incorporation.

(2) Background to Establishment of the Basic Policy

The Company and its subsidiaries and affiliates (hereinafter referred to as the “Company Group”) set the management philosophy of being a “technology development-based company that contributes to society.” The Company Group aims at becoming a company trusted and needed by customers through manufacturing and sale of important machinery parts such as needle roller bearings (note 1) and linear motion rolling guides (note 2); it further aims at becoming a technology development-based company that contributes to society, which settles customers’ issues by devoting all its technologies and passion, in order to grow further as a global company with enhanced presence. In addition, with an aim to become a high quality company regardless of its size, the Company has a mission to develop high value-added products that accord with the market needs; the Company is using all its efforts to make all of its products innovative, based on sophisticated know-how, and full of originality, as suggested by the Company’s brand, “IKO” (innovation, know-how, originality).

Since its incorporation in 1950, the Company has appropriately understood changes in the times, and has made efforts to develop and supply high quality and high performance products which promptly responded to sophisticated and diversified needs. Products currently sold by the Company Group are broadly classified into two groups: needle roller bearings, and linear motion rolling guides.

Needle roller bearings, which have an advantage in being light and compact when compared to other bearings, are products that can be called the origin of the Company Group; the Company Group focused on the needs of the times and its future potential, and became the first one that developed the product based on its own technology, and completed making a machinery part product that is essential for the industry. Today, the IKO brand has established an excellent track record as a global brand for needle roller bearings, with the product’s quality and ample types.

On the other hand, linear motion rolling guides, which are important machinery parts for precisely deciding the position concerning the linear motion part of a machine, are products which greatly contributed to the development of highly precise, labor-saving, and space-saving machines; the Company Group produced various linear motion rolling guides in accordance with the market needs, and the Company’s products have spread across significantly broad industry fields including machine tools, industrial robots, semiconductor/liquid crystal panel manufacturing device, medical device, etc. Further, precision positioning tables, among others, that were produced as a result of integrating the precision processing technology and electronics that have been cultivated over years, contribute to the society as a high value-added product such as by attempting to reduce customers’ man-hours needed for designing and assembling.

The Company Group acknowledges that improvement of the ability to develop products is an essential factor to enhance its corporate value; what underlies the development spirit is nothing but the thought of hearing the customers’ real voice and serving them to settle their issues, and this thought is a constant throughout the entire Company Group. In the Company Group, all departments recognize “proposal-based sales activities with customers” and, in addition to the sales department, developers visit customers on their own to have direct conversations and make proposals repeatedly to settle customers’ issues and to find “new value” that has not been noticed even by customers, and make such value into a product; as such, the Company Group continues to facilitate the creation of new demand.

The above-stated efforts, and enhancement of the Company Group’s corporate value supported by the results of such efforts, come from the shareholders’ understanding and support from a medium to long-term perspective, and relationships of deep trust with customers. They also come from the motivation of the management, which have abundant knowledge and experience regarding bearing/machine tool industry (the industry to which the Company Group belongs), details of business, and market characteristics, as well as the motivation of employees who faithfully engage in the Company Group’s business; the management and employees recognize their individual roles to solidly enhance the management base.

Under the circumstances where technical innovation progresses on a global basis, the Company Group will appropriately understand trends in demands in rapidly-changing markets, domestic or foreign, and utilize the management resources effectively and to the utmost extent; it will also continue to engage in corporate activities by paying attention to preserve global environment and to engage in the management by complying with applicable laws or regulations to fulfill its social responsibility as a company, and will use its best efforts to enhance its corporate value.

On the other hand, since around 2007 when the Company introduced the takeover defense measures, there have been occasional instances where, without obtaining approval of the management of the target company, an acquisition of a large number of shares is forced through unilaterally, and such instances are still seen recently. The Company cannot deny the possibility that, as a result of such instances, in certain circumstances, the continuous enhancement of the Company's corporate value with the aforementioned management resources could be interrupted.

The Company thinks that, given such circumstances, it is necessary to anticipate a situation where a party who aims at acquiring the Controlling Shares, or a group of such parties (hereinafter referred to as the "Acquirer"), might emerge.

The Company stresses that it does not have a negative view on an acquisition of the Controlling Shares.

However, acquisition of the Controlling Shares may often result in unrecoverable damage to the corporate value of the Company or to the shareholders' common interests, including the following cases: (i) it is obvious that the Acquirer does not sincerely intend to conduct reasonable management in light of the purpose of the acquisition of the Controlling Shares by such Acquirer; (ii) general shareholders may be substantially forced to sell their shares at conditions disadvantageous to them; (iii) the Acquirer does not provide or ensure necessary information or reasonable period for consideration to general shareholders for them to appropriately determine whether to accept the acquisition of the Controlling Shares; or (iv) the Acquirer does not provide to the Board of Directors of the Company: (a) information necessary for the Board of Directors of the Company to present to its shareholders, including the opinion whether to support or not to support the acquisition of the Controlling Shares, or a business plan or other information that will be an alternative to the acquisition proposal or business plan proposed by the Acquirer, (b) opportunities to negotiate with the Acquirer, or (c) reasonable period for consideration.

The Company believes that a party who engages in acquisition of the Controlling Shares in a way that does not contribute to ensuring and enhancing the Company's corporate value or shareholders' common interests is not appropriate as a party to have a control over decisions concerning the Company's financial and business policies; the Company thus believes that it should take certain measures against such Acquirer so that such instances will not occur.

(Note 1) A bearing is a machinery part which largely contributes to reduction of energy loss and energy-saving by largely reducing friction in rotary motion part of machinery. Unlike the generally-known bearings (ball bearings which use steel balls as rolling elements), "needle roller bearings" which the Company Group manufactures and sells use needle rollers as rolling elements, and are small, light, and have large load capacity. IKO needle bearings have spread to broad areas of industries such as automobiles, motorcycles, printing machines, industrial robots, and construction/agricultural machinery.

(Note 2) A linear motion rolling guide is a machinery part that is used in linear motion which requires precise positioning in machineries. Like bearings, it largely reduces frictions and greatly contributes to energy-saving, and as it has large load capacity, it enables to make the machine small in which it is used. The Company Group has a variety of product types including those of the smallest size in the world, to those of the extremely large size; and demand therefor is spreading mainly in the cutting edge industry including semi-conductor manufacturing devices, large machine tools, medical devices, etc.

2. Contents of the Plan (Measures to Prevent Inappropriate Parties from Controlling the Company's Decisions on Financial and Business Policies in View of the Basic Policy)

(1) Purpose of Continuance of Takeover Defense Measures under the Plan

As stated in 1. above, while the Company finds it necessary to take certain measures against Acquirers in certain circumstances, the Company thinks that, because it is a listed corporation, the determination of whether to sell shares to a certain Acquirer or the ultimate determination of whether to entrust such Acquirer with the company's management should be basically left up to individual shareholders.

However, in order that the shareholders can make appropriate determinations, it is necessary as a premise to give sufficient consideration to the Company's business features and the Group's history and properly understand the Company's corporate value and the sources generating such value. Further, it can be easily envisaged that information to be provided only by the Acquirer would be insufficient to grasp what effects the acquisition by the Acquirer of the Company's Controlling Shares might have on the Company's corporate value and the sources of such value, and in order that the shareholders make an appropriate assessment, it seems necessary for them to give consideration to information provided by the Board of Directors, which fully understands the Company's business features, and to the views and opinions of the Board of Directors with regard to such Acquirer's action aimed at acquisition of the Controlling Shares, and in certain cases, a new proposal of the Board of Directors based on such views and opinions.

Accordingly, the Company finds it very important for the shareholders to secure sufficient time to analyze and review such multifaceted information.

From the standpoint stated above, the Company has come to the conclusion that it is necessary to continue the takeover defense measures under the Plan as part of the measures whereby the Company can ensure, in light of the aforementioned Basic Policy, that the shareholders make an appropriate assessment as to whether to accept a Large-Scale Acquisition Action (as defined in (2) (a) below; the same shall apply hereinafter) by seeking necessary information on such a Large-Scale Acquisition Action from the party who will attempt or has attempted to take such a Large-Scale Acquisition Action (hereinafter referred to as the "Large-Scale Acquirer"), as well as securing a period to consider and negotiate such information; that the Board of Directors presents to the shareholders its opinion on whether to support the Large-Scale Acquisition Action or makes a proposal, including a business plan, which will be an alternative to the proposal of acquisition and business plan proposed by such Large-Scale Acquirer (the "Alternative Proposal"), and that the Company negotiates with the Large-Scale Acquirer for the benefit of the shareholders, and thereby, in light of the Basic Policy, the Company can prevent the Company's decisions on financial and business policies from being controlled by any inappropriate party (which specifically refers to certain Large-Scale Acquirers set forth by the Board of Directors in accordance with the prescribed procedures, and also refers to such Large-Scale Acquirer's co-holder or special interested party (*tokubetsu kankeisha*) as well as such party as recognized by the Board of Directors as the party which any of the foregoing parties substantially controls and which operates in collaboration with or in coordination with any of the foregoing parties; each of the aforementioned parties shall be hereinafter referred to as an "Excluded Party").s

Obviously, in continuing the takeover defense measures under the Plan, it is desirable to ascertain the shareholders' intention. To this end, the Company has determined to ascertain the shareholders' intention concerning the continuation of the takeover defense measures under the Plan at the Ordinary General Meeting of Shareholders.

Based on the above reasons, the Board of Directors of the Company has determined, as of May 22, 2023, that the takeover defense measures shall be continued on condition that the Board of Directors of the Company ascertains the shareholders' intention by submitting a proposal for the approval of the continuing of the takeover defense measures under the Plan at the Ordinary General Meeting of Shareholders.

Incidentally, at present, the Company is not aware of any sign of a specific Large-Scale Acquisition Action in respect of the Company's shares.

In addition, the status of the Company's large shareholders as of March 31, 2023 is as indicated in Annex 1, "Overview of Shareholding in the Company."

(2) Outline of the Plan

The specific details of the Plan are as stated below. The flowchart of the procedures under the Plan is as summarized in Annex 2. In addition, in connection with the Plan, the outline of the "Guideline Concerning the Initiation of Countermeasures" (the "Guideline"), which is intended to provide the procedures and principles in advance so that the Board of Directors and the Independent Committee may adopt resolutions to initiate or refrain from initiating the countermeasures such as in the form of gratuitous allotment of stock

acquisition rights, and take other necessary actions, with a view to ensuring and enhancing the Company's corporate value or the shareholders' common interests, is as summarized in Annex 3.

(a) Definitions of Large-Scale Acquisition Actions which may invoke the countermeasures

The countermeasures under the Plan may be initiated if any of the actions which fall or could fall under (i) through (iii) below (except actions approved in advance by the Board of Directors; collectively, hereinafter referred to as the "Large-Scale Acquisition Actions") occurs or is likely to occur.

- (i) Purchase or other acquisition (note 1) in respect of the shares, etc., (note 2) issued by the Company, as a result of which the percentage (note 3) of such shares, etc., held by a specified shareholder of the Company would become 20% or more.
- (ii) Purchase or other acquisition (note 4) in respect of the shares, etc., (note 5) issued by the Company, as a result of which the percentage (note 6) of such shares, etc., owned by a specified shareholder of the Company and the percentage of such shares, etc., owned by any special interested party (note 7) of such specified shareholder would become 20% or more in the aggregate.
- (iii) Irrespective of whether either of the actions set out in (i) or (ii) above is carried out, an agreement or other action by and between a specified shareholder of the Company and any other shareholder(s) of the Company (including the case where more than one other shareholder is involved; the same shall apply hereinafter in this (iii)) whereby such other shareholder(s) fall under the status of co-holder of such specified shareholder, or an action (note 8) which establishes a relationship between such specified shareholder and such other shareholder(s) wherein either one substantially controls the other, or they operate in collaboration or coordination (note 9) (provided that this shall apply only if, in respect of the shares, etc., issued by the Company, the aggregate percentage of the shares, etc., held by such specified shareholder and such other shareholder(s) of the Company would become 20% or more).

(note 1) Includes ownership of the right to claim delivery of shares, etc., under a sale/purchase or other agreement and execution of the respective transactions set forth in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(note 2) Refers to shares, etc., as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise provided.

(note 3) Refers to the shareholding percentage as defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise provided; except that, for the purpose of calculating such share holding percentage, (i) any special interested party as defined in Article 27-2, paragraph 7 of said Act, (ii) any investment bank, securities company, or other financial institution which has executed a financial advisory agreement with the relevant specified shareholder of the Company, as well as the takeover bid agent or the lead managing securities company (hereinafter referred to as the "Contracting Financial Institution(s)"), attorneys, accountants, or other advisors for the relevant specified shareholder of the Company, and (iii) a party who has received shares, etc. of the Company from a party who falls under (i) or (ii) above through off-market direct trading or on-market off-hours trading on the Tokyo Stock Exchange (ToSTNeT-1) shall be deemed to be a co-holder (as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act and including a person who, the Board of Directors considers, is deemed to be a co-holder pursuant to paragraph 6 of said Article; the same shall apply hereinafter) of the relevant specified shareholder of the Company for purposes of the Plan. Additionally, for the purpose of calculating such shareholding percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's issued shares.

(note 4) Includes a purchase or other acquisition for value as well as acts similar to acquisition for value as provided in Article 6, paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.

- (note 5) Refers to shares, etc., as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply in this (ii).
- (note 6) Refers to the share ownership percentage as defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise provided. Additionally, for the purpose of calculating such share ownership percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's voting rights.
- (note 7) Refers to a special interested party as defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act; provided that, with respect to the parties indicated in item 1 of said paragraph, the party specified in Article 3, paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers shall be excluded. Additionally, (i) co-holders and (ii) Contracting Financial Institutions shall be deemed to be special interested parties of the relevant specified shareholder of the Company for purposes of the Plan. The same shall apply hereinafter unless otherwise provided.
- (note 8) The judgment of whether an action specified in (iii) of the main text has been taken shall be made by the Board of Directors in accordance with recommendations by the Independent Committee (as defined in (e) below; the same shall apply hereinafter). In addition, the Board of Directors may request the Company's shareholders to provide information to the extent necessary for the determination of whether the requirements under (iii) above apply.
- (note 9) The determination of whether "a relationship ... wherein either one substantially controls the other, or they operate in collaboration or coordination" has been established shall be made on the basis of the following, among other factors: the formation of a new capital relationship, business alliance, transactional or contractual relationship, relationships concerning interlocking directors and officers, funds provision relationship, credit offering relationship, or substantial interest concerning the share, etc., of the Company through the state of purchasing of the shares, etc. of the Company, the state of voting in relation to the shares, etc. of the Company, or derivatives, stock lending, etc., or other relationships; or the impact directly or indirectly brought upon the Company by the relevant specified shareholder or the relevant other shareholder(s).

(b) Submission of Intention Letter

Prior to the commencement or execution of a Large-Scale Acquisition Action, the relevant Large-Scale Acquirer shall be requested to submit to the Company's President and Chief Executive Officer a document, in the form to be separately prescribed by the Company, evidencing the Large-Scale Acquirer's undertaking to the Board of Directors that such Large-Scale Acquirer shall comply with the procedures set out in the Plan (hereinafter referred to as the "Large-Scale Acquisition Rules"), and bearing the signature or the name and seal impression of the Large-Scale Acquirer's representative, as well as a certificate of qualification with regard to the representative who affixes such signature or name and seal impression (together, hereinafter referred to as the "Intention Letter"). Upon receipt of such Intention Letter, the Company's President and Chief Executive Officer shall forthwith present the same to the Board of Directors and the Independent Committee.

In addition to the undertaking to comply with the Large-Scale Acquisition Rules, the Intention Letter shall clearly set forth the Large-Scale Acquirer's name or appellation, address or location of its principal office, business office, etc., the governing law of its establishment, its representative's title and name, purpose and details of business, outline of major shareholders or major investors (with the top ten shareholding or investment ratio), contact information in Japan, number of shares, etc. of the Company actually held by the Large-Scale Acquirer, status of transaction of shares, etc. of the Company by the Large-Scale Acquirer over 60 days preceding the submission of the Intention Letter, and the outline of the contemplated Large-Scale Acquisition Action, and other matters. Additionally, only Japanese shall be used in the Intention Letter.

When the Intention Letter is provided by the Large-Scale Acquirer, the Company shall, in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations, make

appropriate and timely disclosure of such matters as the Board of Directors or the Independent Committee finds appropriate.

(c) Request to the Large-Scale Acquirer for Provision of Information

Within five (5) business days from the day on which the Board of Directors and the Independent Committee receive the Intention Letter (The first day of the period shall not be counted.), the Large-Scale Acquirer shall be required to submit to the Board of Directors the information set out in (i) through (xvi) below (hereinafter referred to as the “Large-Scale Acquisition Information”) together with a document undertaking that the Large-Scale Acquirer does not fall under an Abusive Acquirer (as defined in item (f) a (ii) below. The same shall apply hereinafter). Upon receipt of the Large-Scale Acquisition Information, the Board of Directors shall forthwith submit the same to the Independent Committee.

Furthermore, if the Board of Directors or the Independent Committee determines that, solely on the basis of the information initially provided by the Large-Scale Acquirer, it would be difficult for the shareholders to appropriately determine whether to accept the Large-Scale Acquisition Action, or for the Board of Directors and the Independent Committee to form an opinion as to the acceptability of such Large-Scale Acquisition Action (hereinafter referred to as the “Opinion Formation”) or devise an alternative proposal (hereinafter referred to as the “Alternative Proposal Formulation”) and present the same to the shareholders in an appropriate manner, then the Board of Directors may, upon fixing a reasonable period (up to sixty (60) days from the day on which additional information has been requested from the Large-Scale Acquirer. The first day of the period shall not be counted.) (hereinafter referred to as the “Necessary Information Provision Period”) before the submission deadline, disclose the period so fixed and the reasons for requiring such reasonable period to the shareholders, and request that the Large-Scale Acquirer at any time provide additional information necessary for the shareholders’ appropriate assessment and for the Opinion Formation by the Board of Directors or the Independent Committee or for the Alternative Proposal Formulation. However, as the specific details of the Large-Scale Acquisition Information may differ depending on the details and the scale of the relevant Large-Scale Acquisition Action, the Board of Directors will take into consideration the details and the scale of the Large-Scale Acquisition Action as well as the specific status of provision of the Large-Scale Acquisition Information, and if it is determined that the information provided by the expiration of the Necessary Information Provision Period is insufficient for shareholders to appropriately make determinations or for the Board of Directors’ and the Independent Committee’s Opinion Formation and the Alternative Proposal Formulation, then the Board of Directors may extend the Necessary Information Provision Period for 30 days at the maximum based on the Independent Committee’s recommendation. In such event, the Board of Directors shall place the maximum value on the Independent Committee’s opinion.

Additionally, when the Board of Directors or the Independent Committee determines that the provision of information by the Large-Scale Acquirer is complete (if part of the requested information is not submitted, and if the Board of Directors or the Independent Committee determines that reasonable explanation has been given in relation to such non-submission, they may deem that provision of Large-Scale Acquisition Information has been completed) or the Necessary Information Provision Period expires, the Company shall make immediate disclosure to that effect in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations. As stated in item (d) below, the Board Assessment Period (as defined in item (d) below) shall start from the day immediately following the date of disclosure. Further, in accordance with the decision of the Board of Directors or the Independent Committee, the Company shall, as a general rule, make appropriate and timely disclosure of such part of the Large-Scale Acquisition Information as deemed necessary for the shareholders to make an appropriate decision on whether to accept such Large-Scale Acquisition Action, in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations at an appropriate time after receiving the Large-Scale Acquisition Information.

Incidentally, provision of the Large-Scale Acquisition Information in accordance with the Large-Scale Acquisition Rules and other notifications and communications to the Company shall be made only in Japanese.

- (i) Outline of the Large-Scale Acquirer and its group companies (which shall include major shareholders or investors (whether direct or indirect; the same shall apply hereinafter), material subsidiaries and affiliates, and co-holders and special interested parties, and if the Large-Scale

Acquirer is a fund or an entity concerning investment thereof (whether established based on laws of Japan or a foreign country, and irrespective of the form of laws; the “Fund”) or if there is a Fund substantially controlled or operated by the Large-Scale Acquirer, its partners, investors, or other members as well as general partners (*gyomu shikko kumiaiin*) and persons who continuously provide investment advice shall also be included; the same shall apply hereinafter) (such outline shall include each party’s history, specific name, address, law governing its establishment, capital structure, invested party, investment ratio to the invested party, details of business, details of finance, details of investment policies, details of investment and financing activities over the past 10 years, whether its falls under the category of a “foreign investor” as set forth in Article 26, paragraph 1 of the Foreign Exchange and Foreign Trade Act (the “Foreign Exchange Act”) and information which will be the ground thereof, whether there has been any violation of laws or regulations within the past 10 years (and if there is such violation, an outline thereof), and names, brief background descriptions, and records of previous violation of laws or regulations in respect of officers (and if there are such records, an outline thereof);

- (ii) (a) The status of holding the Company’s shares, etc.; (b) the status of holding and the status of contracts concerning derivatives and other derivative instruments whose underlying assets are the Company’s shares, etc. or assets related to the Company Group’s business; and (c) the status of lending or borrowing, or short-selling of, the Company’s shares, etc. by the Large-Scale Acquirer and its group companies;
- (iii) If there is any lease agreement, collateral agreement, sell-back agreement, reservation for sale, or other material agreement or arrangement (the “Collateral Agreements”) in respect of the Company’s shares, etc. already held by the Large-Scale Acquirer and its group companies, then the specific details of such Collateral Agreements, including the type of, the name of counterparty to, and the number of shares, etc. of the Company, subject to, such agreements;
- (iv) If the Large-Scale Acquirer intends to execute the Collateral Agreement or any other agreement with a third party in respect of the Company’s shares, etc. to be acquired through the Large-Scale Acquisition Action, then the specific details of such agreement, including the type of, the name of counterparty to, and the number of shares, etc. of the Company subject to, such agreement;
- (v) Detailed description of the internal control system (including the internal control system within the group; the same shall apply hereinafter) of the Large-Scale Acquirer and its group as well as the effectiveness and status of such system;
- (vi) With respect to the relevant Large-Scale Acquisition Action, its purpose, method, and details (including whether there is any intention to participate in the management, type, and number of the Company’s shares, etc., which are intended to be acquired through the Large-Scale Acquisition Action, holding ratio of shares, etc. after the purchase through the Large-Scale Acquisition Action, type, and amount of consideration in respect of the Large-Scale Acquisition Action, timing of such action, structure of the related transactions, legality of the method of such action, feasibility of such action and the related transactions (details of the conditions if the Large-Scale Acquisition Action is subject to certain conditions), and holding policies for the Company’s shares, etc. upon the completion of such Large-Scale Acquisition Action, and if delisting of the Company’s shares, etc., is expected upon the completion of such Large-Scale Acquisition Action, a statement to that effect and the reasons therefor);
- (vii) Whether there has been any communication with third parties in connection with the relevant Large-Scale Acquisition Action (including communication to the Company with respect to the intention to make a material proposal (meaning a material proposal as defined in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Act); the same shall apply hereinafter), and if there has been such communication, the specific manner and contents thereof and the outline of such third party;
- (viii) Basis for the calculation of the price, etc., for the Large-Scale Acquisition Action as well as the calculation process (including facts and assumptions as the suppositions for calculation, calculation method, name of the calculation agent and information regarding such calculation agent, outline of the calculation agent’s opinion and the process leading to the determination of the amount after considering such opinion, numerical values used for calculation, and the amount

of synergy and dis-synergy expected to arise as a result of a series of transactions relating to the Large-Scale Acquisition Action and the calculation basis therefor);

- (ix) Financial support for the acquisition, etc., in connection with the Large-Scale Acquisition Action (including specific names of the relevant fund providers (including substantial providers (whether direct or indirect)), financing methods, existence and details of conditions for financing, existence and details of collateral or covenants after the financing, and specific terms of the related transactions);
 - (x) Expected management policies for the Company Group after the completion of the Large-Scale Acquisition Action, brief background and such other information of nominees for directors and Corporate Auditors expected to be dispatched after the completion of the Large-Scale Acquisition Action (including information relating to knowledge, experience, etc., in the business of the Company and its group or in any similar trade), business plan, financial plan, financing plan, investment plan, capital policy, dividend policy, etc., (including plans to sell, offer as collateral, or otherwise dispose of the Company's assets after the completion of the Large-Scale Acquisition Action), and other policies of how, after the completion of the Large-Scale Acquisition Action, the officers, employees, business partners, customers, and local affiliates (including the local government bodies in the areas where the Company's research center, factories, etc., are situated) of the Company Group, and other interested parties will be responded to or treated;
 - (xi) Whether there is any association with any antisocial forces or terrorist organizations (whether directly or indirectly), and if there is any such association, the details of the association as well as the policy to deal with the foregoing;
 - (xii) Specific measures for avoiding conflicts of interest between the Large-Scale Acquirer and the Company's other shareholders;
 - (xiii) Document for undertaking that the Large-Scale Acquirer is not falling under the category of an Abusive Acquirer;
 - (xiv) Regulated matters under the Foreign Exchange Act and other domestic and foreign Laws and Regulations which may be applicable to the Large-Scale Acquisition Action, and the feasibility of obtaining necessary approvals, permissions, licenses, etc., from domestic and foreign governments or third parties under the Anti-Monopoly Law, the Foreign Exchange Act, and other Laws and Regulations (additionally, an opinion of a qualified attorney in the relevant jurisdiction shall be required with regard to these matters);
 - (xv) Possibility of maintaining domestic and foreign permissions, licenses, etc., required for the operation of the Group and possibility of complying with various domestic and foreign Laws and Regulations after the completion of the Large-Scale Acquisition Action;
 - (xvi) Such other information as the Board of Directors or the Independent Committee finds reasonably necessary where a written request for such information is made to the Large-Scale Acquirer within five (5) business days (The first day of such period shall not be counted.), as a general rule, from the day on which the Board of Directors receives the complete Intention Letter in the appropriate form.
- (d) Setting of Assessment Period for the Board of Directors
The Board of Directors shall set a period for its assessment, review, Opinion Formation, Alternative Proposal Formulation, and negotiation with the Large-Scale Acquirer (hereinafter referred to as the "Board Assessment Period") for the number of days set out in (i) or (ii) below (in either case, such period shall be calculated from the day immediately following the day on which the Company discloses that the Board of Directors or the Independent Committee has determined that the provision of the Large-Scale Acquisition Information is completed or that the Necessary Information Provision Period has expired), depending on the contents of the Large-Scale Acquisition Action disclosed by the Large-Scale Acquirer.

Unless otherwise provided in the Plan, the Large-Scale Acquisition Action shall commence only after the expiration of the Board Assessment Period. It is noted that such Board Assessment Period has been established in light of the difficulty in assessing and reviewing the Company's business and the level of difficulty in Opinion Formation, Alternative Proposal Formulation, etc.

- (i) In the event that all the shares, etc., of the Company are covered by the takeover bid for consideration in cash (in Japanese yen) only: sixty (60) days at the maximum;
- (ii) In the event of the Large-Scale Acquisition Action except in the case of (i): ninety (90) days at the maximum.

During the Board Assessment Period, the Board of Directors shall, based on the Large-Scale Acquisition Information provided by the Large-Scale Acquirer, conduct the evaluation, review, Opinion Formation, Alternative Proposal Formulation, and negotiation with the Large-Scale Acquirer in connection with the contemplated Large-Scale Acquisition Action with a view to ensuring and enhancing the Company's corporate value and the shareholders' common interests. In conducting the foregoing, the Board of Directors shall obtain advice, as needed, from professional advisors (such as financial advisors, attorneys, certified public accountants, and tax accountants) who are in the third party position and independent from the Board of Directors. Any and all expenses incurred therefor shall be borne by the Company except in an exceptional case where it is found unreasonable.

Additionally, if there is an unavoidable situation where the Board of Directors is unable to adopt a resolution on whether to initiate the countermeasures within the Board Assessment Period because, for instance, the Independent Committee is unable to provide the recommendation specified in (f) below within the Board Assessment Period, then the Board of Directors may extend the Board Assessment Period to the extent necessary up to thirty (30) days (The first day of the period shall not be counted.) based on a recommendation of the Independent Committee. If the Board of Directors decides to extend the Board Assessment Period, the specific number of days so extended and the reason for such extension shall be disclosed in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(e) Establishment of the Independent Committee

In continuing the takeover defense measures under the Plan, for the purpose of eliminating arbitrary decisions on the part of the Board of Directors in respect of the initiation of the Plan, the Company will continue the independent committee (hereinafter referred to as the "Independent Committee"), which shall consist of at least three (3) members from among Outside Directors and Outside Corporate Auditors (including alternates thereof) as well as outside experts (such as attorneys, certified public accountants, and university professors), who shall be independent from the management operating the Company's business. In appointing members of the Independent Committee from among the Outside Directors and Outside Corporate Auditors, those notified by the Company to Tokyo Stock Exchange, Inc. as Independent Officers shall be prioritized.

The Independent Committee may obtain advice, as needed, from professional advisors (such as financial advisors, attorneys, certified public accountants, and tax accountants) who are in the third party position and independent from the Board of Directors and the Independent Committee. Any and all expenses incurred in obtaining such advice shall be borne by the Company except in an exceptional case where it is found unreasonable.

The names and brief background descriptions of those who are intended to initially assume office as the member of the Independent Committee upon continuation of the takeover defense measure under the Plan are as summarized in Annex 4.

As a general rule, resolutions of the Independent Committee shall be adopted by the majority of the members present at a meeting where all the incumbent committee members are present. However, in the disability of any member of the Independent Committee, or if there is any other justifiable reason, such resolutions may be adopted by the majority of the members present at a meeting where the majority of the Independent Committee members are present.

(f) Procedures for Recommendations of the Independent Committee and Resolutions by the Board of Directors

a. Recommendations of the Independent Committee

During the Board Assessment Period, the Independent Committee shall make recommendations to the Board of Directors with regard to the relevant Large-Scale Acquisition Action as set forth in (i) through (iii) below.

(i) When any of the Large-Scale Acquisition Rules is not complied with:

If the Large-Scale Acquirer breaches any of the Large-Scale Acquisition Rules in a material respect, and such breach is not cured within five (5) business days after the Board of Directors gives such Large-Scale Acquirer a written request to cure such breach (The first day of the period shall not be counted.), then as a general rule, the Independent Committee shall recommend that the Board of Directors initiate the countermeasures against the Large-Scale Acquisition Action except where it is clearly necessary to refrain from initiating the countermeasures or when any other particular circumstances exist in order to ensure and enhance the Company's corporate value or the shareholders' common interests. If such recommendation is made, the Company shall disclose the Independent Committee's opinion, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

Additionally, even after the Independent Committee has recommended that the Board of Directors initiate the countermeasures, if the Large-Scale Acquisition Action is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered, then the Independent Committee may recommend that the Board of Directors discontinue the countermeasures or not initiate the countermeasures, or make other recommendations. If such further recommendation is made, the Company shall also disclose the Independent Committee's opinion, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(ii) When the Large-Scale Acquisition Rules are complied with:

When the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, the Independent Committee shall, as a general rule, recommend that the Board of Directors refrain from initiating the countermeasures.

However, even if the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, the Independent Committee shall recommend that the Board of Directors initiate the countermeasures against such Large-Scale Acquisition Action if such Large-Scale Acquirer is recognized as having any of the circumstances set out in (A) through (I) below (hereinafter collectively referred to as the "Abusive Acquirer"), and if the Independent Committee determines that it is reasonable to initiate the countermeasures against the relevant Large-Scale Acquisition Action.

(A) When the Large-Scale Acquirer does not have a true intention of participating in the management of the Company, but acquires or intends to acquire the Company's shares, etc., for the purpose of making parties concerned with the Company buy back the shares at an inflated stock price (so-called "green mailer"), or when the main purpose of acquiring the Company's shares, etc., is to earn a short-term margin;

(B) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause it to transfer to the Large-Scale Acquirer, its group companies, etc., the Company's intellectual property rights, know-how, trade secrets, major business partners, customers, etc., which are essential to the Company's business operation;

(C) When the Large-Scale Acquirer is acquiring the Company's shares, etc., with the intention of diverting the Company's assets as collateral or funds for repayment of obligations of such Large-Scale Acquirer, its group companies, etc., after taking control over the management of the Company (Provided, however, that the initiation of the countermeasures shall be determined based on whether the Company's corporate value

or the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (C) formally applies.);

- (D) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause the Company to sell or otherwise dispose of its real properties, securities, and other high-priced assets, which are irrelevant to the Company's business for the time being, and then distribute high dividends temporarily with gains from such disposition or sell the shares at a high price, seizing the timing of a sharp rise of the stock price due to temporary high dividend payments (Provided, however, that the initiation of the countermeasures shall be determined based on whether the Company's corporate value or the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (D) formally applies.);
- (E) When, after acquiring the Company's shares, the Large-Scale Acquirer, who neither shows particular interest nor is involved in the Company's management, uses every possible means to achieve the sole purpose of making capital gains on a short to medium term basis through resale of the Company's shares back to the Company or to a third party, just in pursuit of the Large-Scale Acquirer's own profit and even to the point of considering an option to dispose of the Company's assets;
- (F) When it is determined on reasonable grounds that the conditions proposed by the Large-Scale Acquirer for acquisition of the Company's shares, etc., (including, but not limited to, type of consideration for acquisition, price, calculation basis therefor, contents, timing, method, illegality, and feasibility) are insufficient or inappropriate in light of the Company's corporate value;
- (G) When the method of acquisition proposed by the Large-Scale Acquirer is such an oppressive method that the shareholders' opportunity for assessment or freedom may be restricted due to the structure of such method, as exemplified by two-tiered acquisition (acquisition of shares, etc., in a manner wherein the terms for the second-stage acquisition are set more disadvantageous or are unclear if all of the Company's shares, etc., are not acquired at the first-stage of acquisition, or otherwise concerns of the future liquidity of the Company's shares, etc., are raised by suggesting delisting, etc., and thereby the shareholders are effectively coerced into accepting the acquisition) or a partial takeover bid (a takeover bid for not all but part of the Company's shares, etc.);
- (H) When, as a result of the Large-Scale Acquirer's acquisition of control over the Company, it is expected that a relationship with not only the shareholders but also the parties contributing to the shareholders' common interests may be destroyed or impaired, and consequently, the shareholders' common interests may be substantially impaired, or it is determined on reasonable grounds that the shareholders' common interests may be substantially prevented from being ensured and enhanced; or when it is determined that, in comparison with a future corporate value in the mid- and long-term, the Company's corporate value resulting from the Large-Scale Acquirer's taking of control over the Company would be apparently inferior to the Company's corporate value where the Large-Scale Acquirer does not take control over the Company; or
- (I) When it is determined on reasonable grounds that the Large-Scale Acquirer would be unsuitable as the Company's controlling shareholder; for instance, where the Large-Scale Acquirer's management or any of its major shareholders or investors is a party associated with antisocial forces or terrorist organizations.

Additionally, the procedures set out in (i) above shall apply mutatis mutandis to the disclosure procedures relating to such recommendation or the procedures relating to the subsequent further recommendation.

- (iii) Other recommendations, etc., by the Independent Committee

In addition to the above, the Independent Committee may give the Board of Directors recommendations, as necessary, on any matter appropriate in view of the maximization of the Company's corporate value or the shareholders' common interests, or make recommendations to discontinue the countermeasures or not initiate the countermeasures where permitted by certain Laws and Regulations.

Additionally, the procedures set out in (i) above shall apply *mutatis mutandis* to the disclosure procedures relating to such recommendation or the procedures relating to the subsequent further recommendation.

b. Resolutions by the Board of Directors

In the event that the Board of Directors determines, upon placing the maximum value on the Independent Committee's recommendation, that certain criteria set out in the Guideline are met, including the case where the Large-Scale Acquisition Action is not in accordance with the Large-Scale Acquisition Rules, then the Board of Directors shall adopt a resolution for initiating or not initiating the countermeasures, or any other necessary resolution, based on the Guideline.

Additionally, even after the Independent Committee has recommended that a resolution to not initiate the countermeasures shall be adopted, if the Board of Directors finds that the directors' fiduciary duty (*zenkan chui gimu*) is likely to be violated by placing the maximum value on the Independent Committee's recommendation and complying with such recommendation or that other similar circumstances exist, then the Board of Directors may choose to adopt a resolution to initiate the countermeasures, or not to adopt a resolution to refrain from initiating the countermeasures, and then convene a general meeting of shareholders to present before the shareholders the question of whether to initiate the countermeasures, by the means set out in item c. below.

Moreover, when the Board of Directors is to initiate the countermeasures, a resolution of the Board of Directors shall be adopted after obtaining approval from all Corporate Auditors, including Outside Corporate Auditors.

Also, even after the Independent Committee has made a recommendation for initiating the countermeasures, the Board of Directors may stop the initiation of the countermeasures or make other determinations if the Large-Scale Acquisition Action is withdrawn, or if the facts and other circumstances that formed the basis for such recommendation are altered.

Upon adopting such resolution, the Company shall disclose the opinion of the Board of Directors, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

c. Convening of a general meeting of shareholders

If the Board of Directors determines, in its own judgment, that a general meeting of shareholders should be held in order to present to the shareholders the question of whether to initiate the countermeasures under the Plan, then the Board of Directors shall convene the general meeting of shareholders as soon as possible. In such event, the Board of Directors will disclose the scope of shareholders who are entitled to exercise voting rights at the meeting, the record date for the exercise of voting rights, date and time of holding the meeting, and other details, in accordance with applicable Law and Regulations. A resolution of the general meeting of shareholders shall be adopted by the majority of voting rights of shareholders who can exercise their voting rights and are present at such meeting.

The relevant Large-Scale Acquisition Action shall be carried out after the proposal for initiating the countermeasures is rejected at the general meeting of shareholders, and such general meeting of shareholders is closed. If the proposal for initiating the countermeasures under the Plan is adopted at the general meeting of shareholders, the Board of Directors shall adopt a resolution to initiate the countermeasures under the Plan against the Large-Scale Acquisition Action. If the proposal for initiating the countermeasures under the Plan is rejected at such general meeting of

shareholders, the countermeasures under the Plan shall not be initiated against the relevant Large-Scale Acquisition Action.

Additionally, even after the convocation procedures for such general meeting of shareholders are taken, if the Board of Directors subsequently adopts a resolution not to initiate the countermeasures, or the Board of Directors comes to find it reasonable to adopt a resolution to initiate the countermeasures, then the Company may cancel the procedures for convening the general meeting of shareholders. In the event of the adoption of such resolution, the Company shall also disclose the opinion of the Board of Directors, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(g) **Modification of Large-Scale Acquisition Information**

After the Company discloses its determination that the provision of the Large-Scale Acquisition Information under the provisions in (c) above has been completed, if the Board of Directors or the Independent Committee determines that any material modification has been made by the Large-Scale Acquirer to the Large-Scale Acquisition Information, then the Company shall disclose to that effect, together with reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations, and thereupon the procedures under the Plan in connection with the Large-Scale Acquisition Action based on the previous Large-Scale Acquisition Information (hereinafter referred to as the “Earlier Large-Scale Acquisition Action”) shall be discontinued, and the Large-Scale Acquisition Action based on the modified Large-Scale Acquisition Information shall be treated as another Large-Scale Acquisition Action, separate from the Earlier Large-Scale Acquisition Action, and the procedures under the Plan shall apply anew to such action.

(h) **Specific contents of the countermeasures**

The countermeasures to be initiated by the Company against the Large-Scale Acquisition Action under the Plan is expected to take the form of gratuitous allotment of stock acquisition rights as set forth in Article 277 and subsequent provisions of the Companies Act (stock acquisition rights so allotted shall be referred to as “Stock Acquisition Rights” hereinafter). However, if it is determined to be reasonable to initiate other measures that the Board of Directors is authorized to take by the Companies Act or other laws or regulations or the Company’s Articles of Incorporation, those measures may be taken.

The outline of gratuitous allotment of Stock Acquisition Rights as the countermeasures against the Large-Scale Acquisition Action is as set out in Annex 5, but when the Stock Acquisition Rights are actually distributed as gratuitous allotment, the exercise period, conditions for exercise, terms for acquisition, etc., such as the following, may be provided by taking into consideration their effectiveness as the countermeasures against the Large-Scale Acquisition Action: (i) an exercise condition to the effect that the right may not be exercised by any Excluded Party or (ii) terms of acquisition to the effect that if the Company acquires part of the Stock Acquisition Rights, the Company may only acquire the Stock Acquisition Rights held by the holders other than the Excluded Parties.

The Company may adopt a resolution at the Board of Directors and register issuance of the Stock Acquisition Rights so that gratuitous allotment of the Stock Acquisition Rights may be conducted quickly as the countermeasures.

3. Effective Period, Continuance, Abolishment, Amendment, etc., of the Plan

In continuing the takeover defense measures under the Plan, the Company shall submit a proposal for approval of the continuance of takeover defense measures under the Plan to the Ordinary General Meeting of Shareholders in order to provide the opportunity to appropriately reflect the intentions of shareholders.

The Plan shall remain effective from the time when the proposal for approval of the continuance of takeover defense measures under the Plan is approved and adopted at the Ordinary General Meeting of Shareholders until the closing of the first meeting of the Board of Directors to be held after the ordinary general meeting of shareholders for the last fiscal year ending within two (2) years from the Ordinary General Meeting of Shareholders. However, at the time of the closing of that Board of Directors’ meeting, if there is a party that is actually carrying out a Large-Scale Acquisition Action or a party that intends to carry out a Large-Scale Acquisition Action and is designated by the Independent Committee, then, in relation to the Large-Scale

Acquisition Action that is being carried out or intended, the Plan shall continue to apply after the closing of the above-mentioned Board of Directors' meeting. That being said, even before the expiration of such effective period, (i) if a proposal for abolishing the Plan is approved at a general meeting of shareholders of the Company, or (ii) if the Board of Directors adopts a resolution to abolish the Plan, then the Plan shall be abolished at such time. The term of office of the Company's directors is one (1) year; by exercising voting rights for the proposal for appointing directors at the ordinary general meeting of shareholders of the Company, it is possible to confirm the shareholders' intention regarding continuance or abolition of the Plan. In addition, if the proposal for approval of the continuing of takeover defense measures under the Plan is not adopted at the Ordinary General Meeting of Shareholders, the Plan shall not become effective and the Former Plan shall be terminated at the closing of the Ordinary General Meeting of Shareholders.

At the first meeting of the Board of Directors to be held after the closing of the ordinary general meeting of shareholders of the Company after this year, the Board of Directors shall, as needed, review to determine whether to continue, abolish, or amend the Plan, and if necessary, a resolution shall be adopted as required.

Furthermore, the Company may, at the Board of Directors, upon obtaining approval of the Independent Committee, reexamine or amend the Plan as needed to the extent considered reasonably necessary due to an amendment to Laws and Regulations as well as the Financial Instruments Exchange Regulations, or a change in the interpretation or operation of the foregoing, or a change in the taxation system, court cases, etc. However, when any material changes are made to the Plan, a proposal for approval of the introduction of the changed Plan shall be submitted to a general meeting of shareholders of the Company for the Company to have an opportunity to appropriately reflect the intention of shareholders, and the changed Plan shall become effective subject to approval of the shareholders for that proposal.

In the event that a resolution is adopted to abolish or otherwise amend the Plan, the Company shall disclose such matters as the Board of Directors or the Independent Committee finds appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

4. Impact on Shareholders and Investors

(1) **Impact on Shareholders and Investors upon the Plan Becoming Effective**

At the time when the Plan becomes effective, Stock Acquisition Rights will not be issued. Accordingly, there will be no direct, concrete impact on the rights and economic interests of the shareholders and investors when the Plan becomes effective.

(2) **Impact on Shareholders and Investors upon Making Gratuitous Allotment of Stock Acquisition Rights**

The Board of Directors may take the countermeasures under the Plan against a Large-Scale Acquisition Action for the purpose of securing and enhancing the corporate value or the shareholders' common interests, and given the structure of the countermeasures currently anticipated, the per share value of the Company's shares held by the shareholders is expected to be diluted at the time of issuance of Stock Acquisition Rights, but because the value of the whole shares of the Company held by the shareholders would not be diluted, it is not anticipated that this would bring any direct, concrete impact on the legal rights and economic interests of the shareholders and investors.

However, with respect to the Excluded Parties, if the countermeasures is initiated, there may be some impact as a result on the legal rights and economic interests of such parties.

In addition, if a resolution of gratuitous allotment of Stock Acquisition Rights is adopted in connection with the countermeasures, and after the shareholders to receive gratuitous allotment of Stock Acquisition Rights are fixed, if the Company suspends gratuitous allotment of Stock Acquisition Rights, or gratuitously acquires Stock Acquisition Rights once allotted gratuitous, then because the per share value of the Company's stock will not be diluted as a result, any investor who has sold or purchased on the assumption that the per share value of the Company's shares would be diluted may suffer a fair amount of loss due to stock price fluctuations.

The procedures to be taken by the shareholders for exercise and acquisition of Stock Acquisition Rights gratuitously allotted are as set forth below.

In the event that the Board of Directors adopts a resolution to make gratuitous allotment of Stock Acquisition Rights, the Company shall fix the record date for allotment of Stock Acquisition Rights, and the Stock Acquisition Rights shall be allotted to the shareholders on the relevant record date in proportion to the number of shares held by them respectively.

The Company shall send to the shareholders on the record date a request form for exercise of Stock Acquisition Rights (such form shall be prescribed by the Company, and may include the statement pledging, among other matters, that the shareholder is not an Excluded Party, and to the effect that such shareholder shall immediately return the Company's common shares delivered if such pledge turns out to be false) and other documents required for the exercise of such Stock Acquisition Rights. When any of the shareholders pays one (1) yen for each Stock Acquisition Right at the place designated for such payment and also submits the necessary documents within the exercise period for Stock Acquisition Rights to be separately prescribed by the Board of Directors, one (1) Company common shares shall be issued to such shareholder. However, no Excluded Party may be allowed to exercise such Stock Acquisition Rights.

On the other hand, if the terms of acquisition of Stock Acquisition Rights are provided and the Company intends to acquire Stock Acquisition Rights, the shareholders may receive the Company's common shares as consideration for the Company's acquisition of such Stock Acquisition Rights without paying the amount otherwise payable as the exercise price (additionally, in such event, the shareholders may be required to separately present a document for identity verification and documents containing information concerning the account for book-entry transfer of the Company's common shares as well as a document wherein the relevant shareholder declares, among other things, that such shareholder is not an Excluded Party, and that such shareholder shall immediately return the Company's shares so issued if such declaration turns out to be false). However, as stated above, with regard to the Excluded Parties, their Stock Acquisition Rights may not be eligible for acquisition.

Details for these procedures shall be disclosed in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations when an actual situation occurs to require such procedures, and the contents of such disclosure are to be reviewed.

5. Reasonableness of the Plan

The Plan meets three principles as stipulated in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) principle of protection and enhancement of corporate value and the interests of shareholders as a whole, (ii) principle of prior disclosure and shareholders' will, and (iii) principle of ensuring necessity and reasonableness; and the details of the Plan are based on the practical affairs and discussions regarding the takeover defense measures such as the "Takeover Defense Measures in Light of Recent Environmental Changes" released on June 30, 2008 by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry, and the "Principle 1.5 Anti-Takeover Measures" of the "Corporate Governance Code" introduced by the Tokyo Stock Exchange on June 1, 2015 and revised respectively on June 1, 2018 and June 11, 2021; thus the Plan is highly reasonable.

- (1) **Ensuring and Enhancing of Corporate Value or Shareholders' Common Interests**
As indicated in 2. (1) above, the Plan will be continued for the purpose of ensuring and enhancing the Company's corporate value or the shareholders' common interests by ensuring, through requesting the Large-Scale Acquirer to provide necessary information relating to the relevant Large-Scale Acquisition Action in advance and to allow a period for deliberation and negotiation, that the shareholders make appropriate assessment as to whether to accept such Large-Scale Acquisition Action, and that the Board of Directors presents its view toward such Large-Scale Acquisition Action or the Alternative Proposal to the shareholders, or negotiates with the Large-Scale Acquirer for the benefit of the shareholders.
- (2) **Prior Disclosure**
The Company makes prior disclosure of the Plan in order to increase the predictability for the shareholders and investors as well as the Large-Scale Acquirer and secure a fair opportunity for the shareholders to make a choice.

Also in the future, the Company intends to make appropriate and timely disclosure as needed in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(3) Emphasis on Shareholders' Intention

The Company intends to ascertain the shareholders' intention by submitting the proposal of continuance of takeover defense measures under the Plan for approval at the Ordinary General Meeting of Shareholders. As stated above, if a proposal for abolishing the Plan is approved at the general meeting of shareholders of the Company, the Plan shall be discontinued at such time, and as such, the continuance of the Plan is up to the shareholders.

(4) Procurement of Outside Experts' Opinion

As indicated in 2. (2) (d) above, in conducting assessment, review, the Opinion Formation, the Alternative Proposal Formulation, and negotiation with the Large-Scale Acquirer in relation to the Large-Scale Acquisition Action, the Board of Directors will conduct a deliberation upon obtaining advice of outside third party professional advisors (such as financial advisors, attorneys, certified public accountants, and tax accountants) independent of the Board of Directors, as needed. In this way, the objectivity and reasonableness will be secured with respect to determinations of the Board of Directors.

(5) Establishment of the Independent Committee

As indicated in 2. (2) (e) above, the Company will establish the Independent Committee in order to ensure the necessity and reasonableness of the Plan and prevent the management from abusing the Plan for their own protection, and in the event that the Board of Directors initiates the countermeasures, the Board of Directors shall place the maximum value on the Independent Committee's recommendation in order to ensure fairness in decisions of the Board of Directors and eliminate arbitrary decisions on the part of the Board of Directors. In addition, the Independent Committee may obtain advice from third party professional advisors (such as financial advisors, attorneys, certified public accountants, and tax accountants) independent of the Board of Directors and the Independent Committee, as needed. By doing so, the objectiveness and reasonableness concerning the Independent Committee's recommendation will be ensured.

(6) Establishment of the Guideline

In order to prevent the Board of Directors from making arbitrary decisions and treatments in various procedures under the Plan and to ensure procedural transparency, the Company has established the Guideline as an internal policy incorporating objective requirements. The establishment of the Guideline will increase the objectivity and transparency of the policy to be relied upon in making decisions to initiate, not to initiate, or to suspend the countermeasures, and provide sufficient foreseeability with respect to the Plan (see Annex 3 for the outline of the Guideline).

(7) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated in 3. above, because the Plan may be abolished at any time at the general meeting of shareholders of the Company or by the Board of Directors comprising the directors appointed at the general meeting of shareholders, it is neither the so-called "dead-hand" type takeover defense measure (a takeover defense measure which cannot be prevented from being initiated even if the majority of members on the Board of Directors is replaced) nor the so-called "slow-hand" type takeover defense measure (a takeover defense measure which requires more time before being blocked because the members on the Board of Directors cannot be replaced all at once).

END

(Annex 1)

Overview of Shareholding in the Company (as of March 31, 2023)

1. Total Number of Shares

Type	Total Number of Authorized Shares (shares)
Common shares	291,000,000
Total	291,000,000

2. Issued Shares

Type	Total Number of Issued Shares (shares)	Name of the Financial Instruments Exchange on which the Shares are Listed	Details
Common shares	73,501,425	Prime Market of the Tokyo Stock Exchange	The number of shares constituting one unit is 100.

3. Information on Large Shareholders

Name	Number of Shares Owned (thousand shares)	Percentage of Shares Owned (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,939	9.56
Nippon Thompson Business Partners Shareholders' Association	5,460	7.52
Custody Bank of Japan, Ltd. (Trust Account)	5,222	7.19
Nippon Life Insurance Company	4,262	5.87
Nachi-Fujikoshi Corp.	2,008	2.76
Nippon Thompson Employees Shareholders' Association	1,827	2.51
MUFG Bank, Ltd.	1,612	2.22
DFA INTL SMALL CAP VALUE PORTFOLIO	1,420	1.95
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,305	1.79
HSBC BANK PLC A/C MAND G (ACS)	1,088	1.49

- (Note) 1. For the "Number of Shares Owned," any number of shares less than 1,000 has been omitted.
 2. The Company holds 943,912 treasury shares (1.28%).
 3. For the "Percentage of Shares Owned," figures have been calculated excluding the Company's treasury shares (943,912 shares) and omitted after the second decimal place. Said number of treasury shares does not include the number of the Company's shares owned by the "Board Benefit Trust" (421,400 shares) or the number of the Company's shares owned by the "Employee Stock Ownership Plan Trust" (828,600 shares).

4. Status by Owner

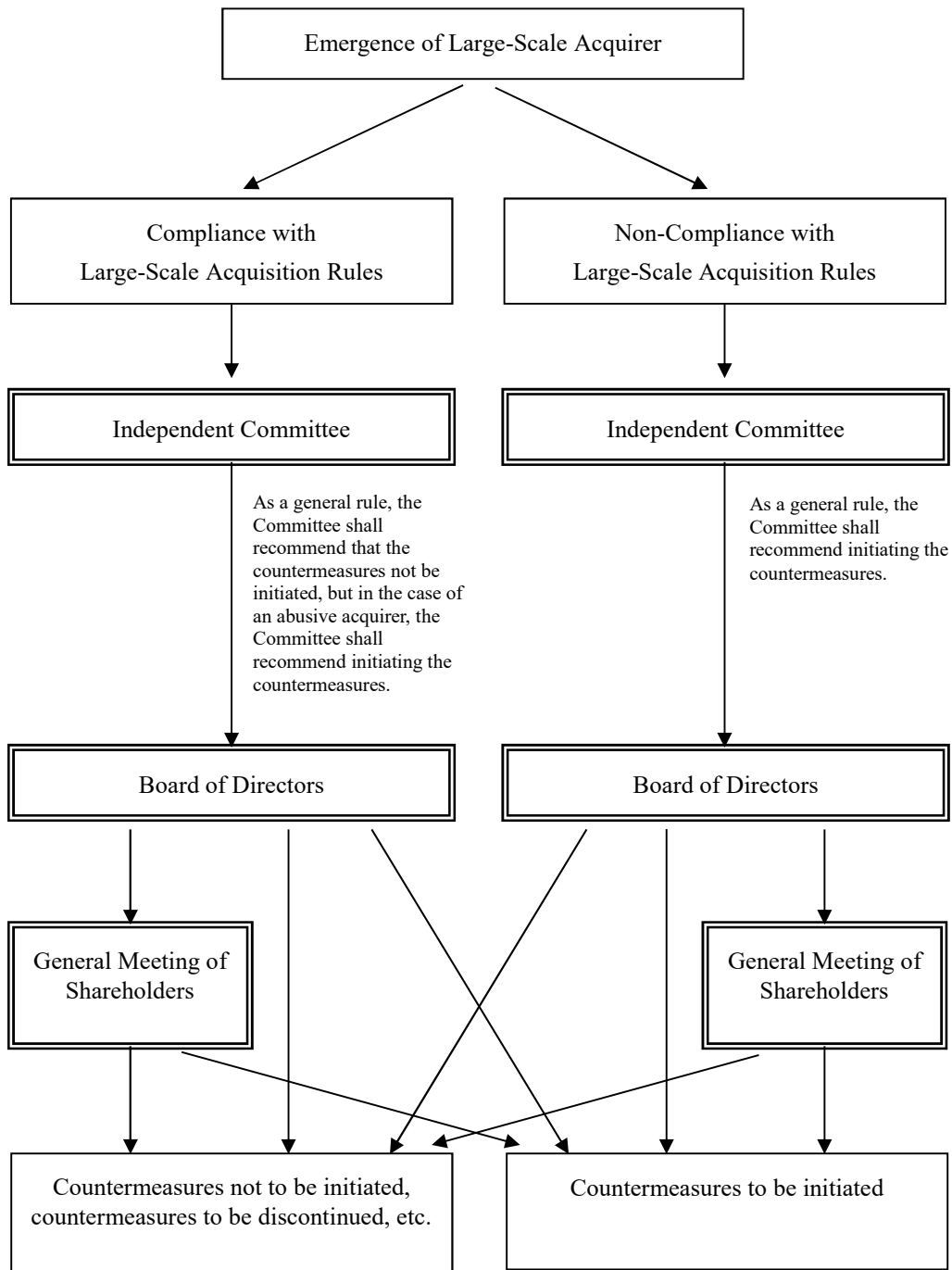
Category	Number of Shareholders	Number of Shares Owned (thousand shares)	Percentage of the Number of Shares Owned to the Total Number of Issued Shares (%)
Financial institution	27	26,288	35.77
Securities company	41	1,907	2.60
Other domestic corporation	150	9,761	13.28
Foreigner	159	14,036	19.10
Individual and others	13,169	20,564	27.97
Treasury share	1	943	1.28
Total	13,547	73,499	100.00

- (Note) 1. For the "Number of Shares Owned," any number of shares less than 1,000 has been omitted.

2. For the “Percentage of the Number of Shares Owned to the Total Number of Issued Shares,” figures have been rounded to two decimal places.
3. The number of the Company’s shares owned by the “Board Benefit Trust” (421,400 shares) and the number of the Company’s shares owned by the “Employee Stock Ownership Plan Trust” (828,600 shares) are not included in “Treasury share” but are included in “Financial institution.”

(Annex 2)

FLOW OF PROCEDURES UNDER THE PLAN



Note: (Annex 2) summarizes the flow of the procedures under the Plan. Please refer to the main text for more details.

OUTLINE OF THE GUIDELINE CONCERNING THE INITIATION OF COUNTERMEASURES

1. Purpose

In connection with the countermeasures to be taken with regard to the Large-Scale Acquisition Actions of the Company's shares (hereinafter referred to as the "Plan"), the Guideline Concerning the Initiation of Countermeasures (hereinafter referred to as the "Guideline") is intended to provide the procedures and principles in advance so that, when any Large-Scale Acquirer emerges, the Board of Directors and the Independent Committee (as described below in 6.; the same shall apply hereinafter) may adopt resolutions to initiate or refrain from initiating the countermeasures such as in the form of gratuitous allotment of stock acquisition rights, and take other necessary actions, with a view to ensuring and enhancing the Company's corporate value or the shareholders' common interests.

For purposes of the Guideline, a "Large-Scale Acquisition Action" refers to any of the actions which fall or could fall under (i) through (iii) below (except actions approved in advance by the Board of Directors), and a "Large-Scale Acquirer" refers to the party who will attempt or has attempted to take such Large-Scale Acquisition Action.

- (i) Purchase or other acquisition¹ in respect of the shares, etc.,² issued by the Company, as a result of which the percentage³ of such shares, etc., held by a specified shareholder of the Company would become 20% or more.
- (ii) Purchase or other acquisition⁴ in respect of the shares, etc.,⁵ issued by the Company, as a result of which the percentage⁶ of such shares, etc., owned by a specified shareholder of the Company and the percentage

¹ Includes ownership of the right to claim delivery of shares, etc., under a sale/purchase or other agreement and execution of the respective transactions set forth in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

² Refers to shares, etc., as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise provided.

³ Refers to the share holding percentage as defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise provided; except that, for the purpose of calculating such share holding percentage, (i) any special interested party as defined in Article 27-2, paragraph 7 of said Act, (ii) any investment bank, securities company, or other financial institution which has executed a financial advisory agreement with the relevant specified shareholder of the Company, as well as the takeover bid agent or the lead managing securities company (hereinafter referred to as the "Contracting Financial Institution(s)"), attorneys, accountants, or other advisors for the relevant specified shareholder of the Company, and (iii) a party who has received shares, etc. of the Company from a party who falls under (i) or (ii) above through off-market direct trading or on-market off-hours trading on the Tokyo Stock Exchange (ToSTNeT-1) shall be deemed to be a co-holder (as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act and including a person who, the Board of Directors considers, is deemed to be a co-holder pursuant to paragraph 6 of said Article; the same shall apply hereinafter) of the relevant specified shareholder of the Company for purposes of the Plan. Additionally, for the purpose of calculating such share holding percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's issued shares.

⁴ Includes a purchase or other acquisition for value as well as acts similar to acquisition for value as provided in Article 6, paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.

⁵ Refers to shares, etc., as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply in this (ii).

⁶ Refers to the share ownership percentage as defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise provided. Additionally, for the purpose of calculating such share ownership percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's voting rights.

of such shares, etc., owned by any special interested party⁷ of such specified shareholder would become 20% or more in the aggregate.

(iii) Irrespective of whether either of the actions set out in (i) or (ii) above is carried out, an agreement or other action by and between a specified shareholder of the Company and any other shareholder(s) of the Company (including the case where more than one other shareholder is involved; the same shall apply hereinafter in this (iii)) whereby such other shareholder(s) fall under the status of co-holder of such specified shareholder, or an action⁸ which establishes a relationship between such specified shareholder and such other shareholder(s) wherein either one substantially controls the other, or they operate in collaboration or coordination⁹ (provided that this shall apply only if, in respect of the shares, etc., issued by the Company, the aggregate percentage of the shares, etc., held by such specified shareholder and such other shareholder(s) of the Company would become 20% or more).

2. Initiation of Countermeasures

(1) If the Large-Scale Acquirer breaches any of the Large-Scale Acquisition Rules in a material respect (including the cases where the Large-Scale Acquirer fails to provide additional, necessary information within a reasonable period prescribed by the Board of Directors, and where the Large-Scale Acquirer refuses to have discussions or negotiations with the Board of Directors), and such breach is not cured within five (5) business days after the Board of Directors gives such Large-Scale Acquirer a written request to cure such breach (The first day of the period shall not be counted.), then as a general rule, the Independent Committee shall recommend that the Board of Directors initiate the countermeasures, except where it is clearly necessary to refrain from initiating the countermeasures or when any other particular circumstances exist in order to ensure and enhance the Company's corporate value or the shareholders' common interests, or (2) even if the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, the Independent Committee shall recommend that the Board of Directors initiate the countermeasures if such Large-Scale Acquirer is recognized as having any of the circumstances set out in (A) through (I) below (hereinafter collectively referred to as the "Abusive Acquirer"), and if the Independent Committee determines that it is reasonable to initiate the countermeasures against the relevant Large-Scale Acquisition Action. The Board of Directors shall, upon placing the maximum value on the Independent Committee's recommendation, adopt a resolution to initiate the countermeasures after obtaining approval from all Corporate Auditors, including Outside Corporate Auditors.

However, even after the Independent Committee has recommended that the Board of Directors initiate the countermeasures, if the Large-Scale Acquisition Action is withdrawn, or if the facts and other circumstances that formed the basis for such recommendation are altered, then the Independent Committee may recommend that the Board of Directors discontinue the countermeasures or not initiate the countermeasures, or make other recommendations, and if the Board of Directors finds that the directors' fiduciary duty (*zenkan chui gimu*) is likely to be violated by placing the maximum value on the Independent Committee's recommendation and complying with such recommendation or that other similar circumstances exist, then the Board of Directors may choose not to adopt a resolution to refrain from initiating the countermeasures, and then convene a general

⁷ Refers to a special interested party as defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act; provided that, with respect to the parties indicated in item 1 of said paragraph, the party specified in Article 3, paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers shall be excluded. Additionally, (i) co-holders and (ii) Contracting Financial Institutions shall be deemed to be special interested parties of the relevant specified shareholder of the Company for purposes of the Plan. The same shall apply hereinafter unless otherwise provided.

⁸ The judgment of whether an action specified in (iii) of the main text has been taken shall be made by the Board of Directors in accordance with recommendations by the Independent Committee. In addition, the Board of Directors may request the Company's shareholders to provide information to the extent necessary for the determination of whether the requirements under (iii) above apply.

⁹ The determination of whether "a relationship ... wherein either one substantially controls the other, or they operate in collaboration or coordination" has been established shall be made on the basis of the following, among other factors: the formation of a new capital relationship, business alliance, transactional or contractual relationship, relationships concerning interlocking directors and officers, funds provision relationship, credit offering relationship, or substantial interest concerning the share, etc., of the Company through the state of purchasing of the shares, etc. of the Company, the state of voting in relation to the shares, etc. of the Company, or derivatives, stock lending, etc., or other relationships; or the impact directly or indirectly brought upon the Company by the relevant specified shareholder or the relevant other shareholder(s).

meeting of shareholders as soon as possible to present before the shareholders the question of whether to initiate the countermeasures.

- (A) When the Large-Scale Acquirer does not have a true intention of participating in the management of the Company, but acquires or intends to acquire the Company's shares, etc., for the purpose of making parties concerned with the Company buy back the shares at an inflated stock price (so-called "green mailer"), or when the main purpose of acquiring the Company's shares, etc., is to earn a short-term margin;
- (B) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause it to transfer to the Large-Scale Acquirer, its group companies, etc., the Company's intellectual property rights, know-how, trade secrets, major business partners, customers, etc., which are essential to the Company's business operation;
- (C) When the Large-Scale Acquirer is acquiring the Company's shares, etc. with the intention of diverting the Company's assets as collateral or funds for repayment of obligations of such Large-Scale Acquirer, its group companies, etc., after taking control over the management of the Company (Provided, however, that the initiation of the countermeasures shall be determined based on whether the Company's corporate value or the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (C) formally applies.);
- (D) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause the Company to sell or otherwise dispose of its real properties, securities, and other high-priced assets, which are irrelevant to the Company's business for the time being, and then distribute high dividends temporarily with gains from such disposition or sell the shares at a high price, seizing the timing of a sharp rise of the stock price due to temporary high dividend payments (Provided, however, that the initiation of the countermeasures shall be determined based on whether the Company's corporate value or the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (D) formally applies.);
- (E) When, after acquiring the Company's shares, the Large-Scale Acquirer, who neither shows particular interest nor is involved in the Company's management, uses every possible means to achieve the sole purpose of making capital gains on a short to medium term basis through resale of the Company's shares back to the Company or to a third party, just in pursuit of the Large-Scale Acquirer's own profit and even to the point of considering an option to dispose of the Company's assets;
- (F) When it is determined on reasonable grounds that the conditions proposed by the Large-Scale Acquirer for acquisition of the Company's shares, etc., (including, but not limited to, type of consideration for acquisition, price, calculation basis therefor, contents, timing, method, illegality, and feasibility) are insufficient or inappropriate in light of the Company's corporate value;
- (G) When the method of acquisition proposed by the Large-Scale Acquirer is such an oppressive method that the shareholders' opportunity for assessment or freedom may be restricted due to the structure of such method, as exemplified by two-tiered acquisition (acquisition of shares, etc., in a manner wherein the terms for the second-stage acquisition are set more disadvantageous or are unclear if all of the Company's shares, etc. are not acquired at the first stage of acquisition, or otherwise concerns of the future liquidity of the Company's shares, etc., are raised by suggesting delisting, etc., and thereby the shareholders are effectively coerced into accepting the acquisition) or a partial takeover bid (a takeover bid for not all but part of the Company's shares, etc.);
- (H) When, as a result of the Large-Scale Acquirer's acquisition of control over the Company, it is expected that a relationship with not only the shareholders but also the parties contributing to the shareholders' common interests may be destroyed or impaired, and consequently, the shareholders' common interests may be substantially impaired, or it is determined on reasonable grounds that the shareholders' common interests may be substantially prevented from being ensured and enhanced; or when it is determined that, in comparison with a future corporate value in the mid- and long-term, the Company's corporate value resulting from the Large-Scale Acquirer's taking of control over the Company would be apparently inferior to the Company's corporate value where the Large-Scale Acquirer does not take control over the Company; or

- (1) When it is determined on reasonable grounds that the Large-Scale Acquirer would be unsuitable as the Company's controlling shareholder; for instance, where the Large-Scale Acquirer's management or any of its major shareholders or investors is a party associated with antisocial forces or terrorist organizations.

3. No Initiation of Countermeasures

The Board of Directors shall not initiate the countermeasures in the following cases:

- (1) when the shareholders (other than the relevant Large-Scale Acquirer) holding one-half or more of the voting rights of all the shareholders of the Company express their intention to accept the takeover bid;
- (2) when the Board of Directors determines, as a result of having sufficient discussions and negotiations with the Large-Scale Acquirer, that such Large-Scale Acquirer is not an Abusive Acquirer;
- (3) when the proposal for initiating the countermeasures under the Plan is rejected at the general meeting of shareholders of the Company held to determine whether to initiate the countermeasures under the Plan; or
- (4) in such other event as the Board of Directors separately provides.

4. Abandonment of Countermeasures

The Board of Directors shall abandon the countermeasures in the following cases:

- (1) when an ordinary resolution to agree to the Large-Scale Acquirer's proposal of acquisition is passed at the general meeting of shareholders of the Company;
- (2) upon the unanimous agreement of all the members of the Independent Committee; or
- (3) in such other event as the Board of Directors separately provides.

5. Contents of Countermeasures

The countermeasures shall take the form of gratuitous allotment of stock acquisition rights as set forth in Article 277 and subsequent provisions of the Companies Act (stock acquisition rights so allotted shall be referred to as "Stock Acquisition Rights" hereinafter). However, if it is determined to be reasonable to initiate other measures that the Board of Directors is authorized to take by the Companies Act or other laws or regulations or the Company's Articles of Incorporation, those measures may be taken.

Additionally, the outline of gratuitous allotment of Stock Acquisition Rights as the countermeasure against the Large-Scale Acquisition Action is as set out in Annex 5, and the exercise period, conditions for exercise, terms for acquisition, etc., such as the following, may be provided by taking into consideration their effectiveness as the countermeasures against the Large-Scale Acquisition Action: (i) an exercise condition to the effect that the right may not be exercised by any Excluded Party or (ii) terms for acquisition to the effect that if the Company acquires part of the Stock Acquisition Rights, the Company may only acquire the Stock Acquisition Rights held by the holders other than the Excluded Parties.

6. Independent Committee

The Independent Committee shall consist of at least three (3) members, and such members shall be appointed by the Board of Directors from among Outside Directors and Outside Corporate Auditors (including alternates thereof) as well as outside experts (such as attorneys, certified public accountants, and university professors), who shall be independent from the management operating the Company's business. In appointing the members of the Independent Committee from among the Outside Directors and Outside Corporate Auditors, those notified by the Company to Tokyo Stock Exchange, Inc. as Independent Officers shall be prioritized. Additionally, each such outside expert shall execute, with the Company, an agreement which shall include, among others, a clause to impose the fiduciary duty (*zenkan chui gimu*) toward the Company.

As a general rule, resolutions of the Independent Committee shall be adopted by the majority of the members present at a meeting where all the incumbent committee members are present. However, in the disability of any member of the Independent Committee, or if there is any other justifiable reason, such resolutions may be adopted by the majority of the members present at a meeting where the majority of the Independent Committee members are present.

7. Timely Disclosure

The Board of Directors shall, in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations, make appropriate and timely disclosure to the shareholders and investors of such matters as deemed necessary under the Plan.

8. Duration, Continuance, Abolishment, Amendment, etc., of the Plan

The Plan shall remain effective from the time when the proposal for approval of the continuance of takeover defense measures under the Plan is approved and adopted at the 74th Ordinary General Meeting of Shareholders of the Company to be held on June 27, 2023 (hereafter referred to as the “Ordinary General Meeting of Shareholders”) until the closing of the first meeting of the Board of Directors to be held after the ordinary general meeting of shareholders for the last fiscal year ending within two (2) years from the Ordinary General Meeting of Shareholders. However, at the time of the closing of that Board of Directors’ meeting, if there is a party that is actually carrying out a Large-Scale Acquisition Action or a party that intends to carry out a Large-Scale Acquisition Action and is designated by the Independent Committee, then, in relation to the Large-Scale Acquisition Action that is being carried out or intended, the Plan shall continue to apply after the closing of the above-mentioned Board of Directors’ meeting. Even before the expiration of such effective period, (i) if a proposal for abolishing the Plan is approved at a general meeting of shareholders of the Company, or (ii) if the Board of Directors adopts a resolution to abolish the Plan, then the Plan shall be abolished at such time.

Additionally, at the first meeting of the Board of Directors to be held after the closing of the ordinary general meeting of shareholders of the Company after the Ordinary General Meeting of Shareholders, the Board of Directors shall, as needed, review the Plan to determine whether to continue, abolish, or amend the Plan, and if necessary, a resolution shall be adopted as required.

Furthermore, at a time other than the first meeting of the Board of Directors to be held after the closing of the above-mentioned ordinary general meeting of shareholders of the Company, the Board of Directors may, upon obtaining approval of the Independent Committee, reexamine or amend the Plan as needed to the extent considered reasonably necessary due to an amendment to Laws and Regulations as well as the Financial Instruments Exchange Regulations, or a change in the interpretation or operation of the foregoing, or a change in the taxation system, court cases, etc. However, when any material changes are made to the Plan, a proposal for approval of the introduction of the changed Plan shall be submitted to a general meeting of shareholders of the Company, and the changed Plan shall become effective subject to approval of the shareholders for that proposal.

(Annex 4)

Names and Brief Background Descriptions of Members of the Independent Committee
(in the order of the Japanese syllabary)

- (i) Isao Ijuin Born in July 1939
- <Brief Background Descriptions>
- 1964 Registered as attorney at law, joined Shozawa & Nagashima (now Nagashima Ohno & Tsunematsu)
- 1974 Cleary Gottlieb (Stagiaire)
- 1975 Partner of Nagashima Ohno & Tsunematsu
- 2004 Professor of Sophia Law School (resigned in 2010)
- 2004 Member of the Management Committee of Chiba University (resigned in 2010)
- 2005 Special Advisor of Nagashima Ohno & Tsunematsu (resigned in 2009)
- 2005 Outside Corporate Auditor of Pfizer Japan Inc. (resigned in 2018)
- 2005 Outside Corporate Auditor of Stryker Japan Holdings K.K. (now Stryker Japan K.K.) (resigned in 2009)
- 2005 Outside Corporate Auditor of Mitsui Chemicals, Inc. (resigned in 2013)
- 2007 Member of the Company's Independent Committee (current position)
- * There is no transfer of money between Isao Ijuin and the Company except for compensation as a member of the Independent Committee.
- (ii) Youichi Takei Born in June 1961 *Outside Director of the Company
- <Brief Background Descriptions>
- 1993 Registered as attorney at law, joined Iwata Godo (resigned in 2000)
- 2000 Partner of Meitetsu Law Offices (current position)
- 2003 Outside Corporate Auditor of the Company (resigned in 2013)
- 2006 Outside Corporate Auditor of YAMAKIN (JAPAN) CO., LTD. (current position)
- 2007 Member of the Company's Independent Committee (current position)
- 2013 Outside Director of the Company (current position)
- 2020 Outside Director of Daio Paper Corporation (current position)
- 2022 Outside Corporate Auditor of Nippon Export and Investment Insurance (current position)
- * There is no transfer of money between Youichi Takei and the Company except for compensation as an Outside Director.
- * The Company notified Tokyo Stock Exchange, Inc. that Youichi Takei is an Independent Officer as required by the Exchange. Youichi Takei is a candidate for Outside Director. If he is reappointed as an Outside Director at the Company's 74th Ordinary General Meeting of Shareholders to be held on June 27, 2023, he will continue serving as an Independent Officer. In this case, there will be no transfer of money between Youichi Takei and the Company except for compensation as an Outside Director.

(iii) Taketo Nasu Born in August 1968 *Outside Corporate Auditor of the Company

<Brief Background Descriptions>

1996 Registered as attorney at law, joined Yuasa Law & Patent Office (now YUASA and HARA) (resigned in 2009)
2001 Registered as attorney at law in the State of New York, U.S.A.
2006 Lecturer of Toin University of Yokohama Law School, Toin Gakuen (resigned in 2014)
2009 Partner of Blakemore & Mitsuki (current position)
2013 Outside Corporate Auditor of the Company (current position)
2013 Member of the Company's Independent Committee (current position)
2014 Instructor of the Legal Training and Research Institute of the Supreme Court (resigned in 2017)

* There is no transfer of money between Taketo Nasu and the Company except for compensation as an Outside Corporate Auditor.

* The Company notified Tokyo Stock Exchange, Inc. that Taketo Nasu is an Independent Officer as required by the Exchange. Taketo Nasu is a candidate for Outside Corporate Auditor. If he is reappointed as an Outside Corporate Auditor at the Company's 74th Ordinary General Meeting of Shareholders to be held on June 27, 2023, he will continue serving as an Independent Officer. In this case, there will be no transfer of money between Taketo Nasu and the Company except for compensation as an Outside Corporate Auditor.

(iv) Atsuko Noda Born in January 1961 *Outside Director of the Company

<Brief Background Descriptions>

1983 Joined Japan Airlines Co., Ltd.
1991 Purser of the above company (resigned in 1994)
1994 Established Henkel & Grosse Japan Representative Office, Representative in Japan (resigned in 1995)
1995 Established Japan Duty Free Service LLC (now Grosse Japan Inc.), Representative Director
2002 Representative Director and CEO of Grosse Japan Inc. (current position)
2022 Outside Director of the Company (current position)

* There is no transfer of money between Atsuko Noda and the Company except for compensation as an Outside Director.

* The Company notified Tokyo Stock Exchange, Inc. that Atsuko Noda is an Independent Officer as required by the Exchange. Atsuko Noda is a candidate for Outside Director. If she is reappointed as an Outside Director at the Company's 74th Ordinary General Meeting of Shareholders to be held on June 27, 2023, she will continue serving as an Independent Officer. In this case, there will be no transfer of money between Atsuko Noda and the Company except for compensation as an Outside Director.

(v) Kazuhisa Hayashida Born in December 1973 *Outside Corporate Auditor of the Company

<Brief Background Descriptions>

1997 Joined Tokyo Electron Ltd. (resigned in 2002)
2006 Joined Misuzu Audit Corporation
2007 Jointed Shin Nihon & Co. (now Ernst & Young ShinNihon LLC) (resigned in 2014)
2014 Established Kazuhisa Hayashida CPA Office, Head of the office (current position)
2016 Outside Director (Audit & Supervisory Committee member) of Nippon Engineering Consultants Co., Ltd. (resigned in 2021)
2017 Outside Corporate Auditor of BlueMeme Inc. (current position)
2017 Corporate Auditor of OpenModels Inc. (current position)
2019 Outside Corporate Auditor of the Company (current position)
2019 Member of the Company's Independent Committee (current position)
2020 Outside Corporate Auditor of Manabi-Aid Co., Ltd. (current position)
2021 Outside Director (Audit & Supervisory Committee member) of DN HOLDINGS CO., LTD. (current position)

* There is no transfer of money between Kazuhisa Hayashida and the Company except for compensation as an Outside Corporate Auditor.

* The Company notified Tokyo Stock Exchange, Inc. that Kazuhisa Hayashida is an Independent Officer as required by the Exchange. Kazuhisa Hayashida is a candidate for Outside Corporate Auditor. If he is reappointed as an Outside Corporate Auditor at the Company's 74th Ordinary General Meeting of Shareholders to be held on June 27, 2023, he will continue serving as an Independent Officer. In this case, there will be no transfer of money between Kazuhisa Hayashida and the Company except for compensation as an Outside Corporate Auditor.

(Annex 5)

OUTLINE OF GRATUITOUS ALLOTMENT OF STOCK ACQUISITION RIGHTS

1. Shareholders to whom allotment may be made:

One (1) stock acquisition right shall be gratuitously allotted for each one (1) of the shares (other than the Company's common shares held by the Company) held by the shareholders stated or registered on the last register of shareholders on the record date to be separately determined by the Board of Directors.

2. Number of shares to be acquired upon exercise of stock acquisition rights:

The type of shares to be acquired upon exercise of stock acquisition rights shall be common shares of the Company, and the number of common shares to be so acquired shall be one (1) share for each stock acquisition right.

3. Effective date of gratuitous allotment of stock acquisition rights:

To be separately determined by the Board of Directors.

4. Value of property to be invested upon exercise of each stock acquisition right:

The form of investment to be made upon exercise of stock acquisition rights shall be cash, and the amount to be invested upon exercise of one (1) stock acquisition right shall be one (1) yen for each common share of the Company.

5. Restriction on transfer of stock acquisition rights:

Stock acquisition rights shall only be transferred with the approval of the Board of Directors.

6. Conditions for exercise of stock acquisition rights:

Conditions for exercise of stock acquisition rights shall be separately determined by the Board of Directors (it is noted that exercise conditions may be attached by taking into consideration their effectiveness as the countermeasures against the Large-Scale Acquisition Action, such as an exercise condition to the effect that the right may not be exercised by certain Large-Scale Acquirers set forth by the Board of Directors in accordance with the prescribed procedures, or such Large-Scale Acquirer's co-holder or special interested party (*tokubetsu kankeisha*), or such party as recognized by the Board of Directors as the party which any of the foregoing parties substantially controls or which operates in collaboration with or in coordination with any of the foregoing parties (each of the aforementioned parties shall be hereinafter referred to as an "Excluded Party").

7. Acquisition by the Company of stock acquisition rights:

Acquisition clauses may be attached such as a clause to the effect that the Company may, pursuant to the resolution of the Board of Directors, acquire all of the stock acquisition rights or only the stock acquisition rights held by the holders other than the Excluded Parties, on condition that any of the following occurs: when the Large-Scale Acquirer violates any of the Large-Scale Acquisition Rules; when any of the other prescribed events occurs; or when any date separately specified by the Board of Directors arrives.

8. Reasons for gratuitous acquisition of stock acquisition rights (reasons for abandonment of the countermeasures):

The Company may gratuitously acquire all of the stock acquisition rights upon the occurrence of any of the following events:

- (a) when an ordinary resolution to agree to the Large-Scale Acquirer's proposal of acquisition is passed at the general meeting of shareholders of the Company;
- (b) upon the unanimous agreement of all the members of the Independent Committee; or
- (c) in such other event as the Board of Directors separately provides.

9. Exercise period and other matters in respect of stock acquisition rights:

The exercise period and other necessary matters in respect of the stock acquisition rights shall be separately determined by the Board of Directors, such as by taking into consideration their effectiveness as the countermeasures against the Large-Scale Acquisition Action.

END