

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: 6165

June 2, 2023

**To our shareholders:**

Tetsuji Morikubo  
Representative Director  
**PUNCH INDUSTRY CO., LTD.**  
6-22-7 Minami-oi, Shinagawa-ku, Tokyo

## **Notice of the 49th Annual General Meeting of Shareholders**

We are pleased to announce the 49th Annual General Meeting of Shareholders of PUNCH INDUSTRY CO., LTD. (the “Company”), which will be held as described below.

**When the Company convenes the General Meeting of Shareholders, it takes measures for the electronic provision of information (Measures, etc. for Providing Information in Electronic Format) that constitutes the content of reference documents for the General Meeting of Shareholders and posts this information on the Company’s website, etc. as “Notice of the 49th Annual General Meeting of Shareholders.” To review this information, please access these materials on the following website.**

The Company’s website:

<https://www.punch.co.jp/ir/stock.html> (in Japanese)

Website for posted information materials for the General Meeting of Shareholders:

<https://d.sokai.jp/6165/teiji/> (in Japanese)

Tokyo Stock Exchange (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 “PUNCH INDUSTRY” in “Issue name (company name)” or the Company’s securities code “6165” 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 are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. (JST) on Wednesday, June 21, 2023.**

1. **Date and Time**    **Thursday, June 22, 2023 at 10:00 a.m. (JST)**
2. **Venue**            **A+B Meeting Room, Single Building 3F, Ours Inn Hankyu  
1-50-5 Oi, Shinagawa-ku, Tokyo**
3. **Purpose of the Meeting**  
**Matters to be reported**
  1. **Business Report and Consolidated Financial Statements for the 49th fiscal year (from April 1, 2022 to March 31, 2023), and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee**
  2. **Non-consolidated Financial Statements for the 49th fiscal year (from April 1, 2022 to March 31, 2023)****Matters to be resolved**

<b>Proposal No. 1</b>	<b>Appropriation of Surplus</b>
<b>Proposal No. 2</b>	<b>Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)</b>
<b>Proposal No. 3</b>	<b>Election of Three Directors Who Are Audit and Supervisory Committee Members</b>
<b>Proposal No. 4</b>	<b>Election of One Substitute Director Who Is an Audit and Supervisory Committee Member</b>
<b>Proposal No. 5</b>	<b>Continuation of the Countermeasures Against Large Acquisition of Shares in the Company (Anti-takeover Measures)</b>

**4. Matters for decision**

- (1) **When voting rights are exercised in writing, if neither Approve or Disapprove is marked for a proposal on the voting form, it will be handled as if Approve had been marked.**
- (2) **If a voting right has been exercised multiple times via the Internet, the final exercise of the voting right will be handled as the valid one.**
- (3) **If a voting right is exercised redundantly via the Internet and in writing, it will be handled as if the voting right exercised via the Internet is the valid one.**
- (4) **If a voting right is exercised via proxy, one person acting as proxy who holds voting rights and is also a shareholder of the Company shall be present at the General Meeting of Shareholders. However, the proxy must provide documents that offer proof of their proxy rights.**

- When you attend the meeting in person, you are kindly requested to present the enclosed voting form at the reception desk.
- If revisions to the matters subject to the Measures, etc. for Providing Information in Electronic Format arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the aforementioned websites.
- Paper-based documents stating the Measures, etc. for Providing Information in Electronic Format are sent to shareholders who have requested the delivery of paper-based documents; however, in accordance with the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation, those documents do not include the following matters.
  - (i) In the Business Report, "Status of Share Acquisition Rights," "System to Ensure the Appropriateness of Operations and Its Operational Status," "Basic Policy Regarding Control of the Company," and "Policy Regarding Determination of Dividends of Surplus, etc."
  - (ii) In the Consolidated Financial Statements, "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements"
  - (iii) In the Non-consolidated Financial Statements, "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements"

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements stated in these paper-based documents are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee for the audit report and the Accounting Auditor for the accounting audit report.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company considers return of profit to its shareholders as one of its management priorities. With respect to profit distribution, its basic policy is to pay stable dividends constantly and to emphasize linkage to consolidated business results while securing the internal reserves necessary for future business development and enhancement of the management structure. The Company has set goals of a 30% consolidated payout ratio and 3% dividends on shareholder equity (DOE), and it intends to make appropriate profit distributions from a comprehensive viewpoint based on these goals and on its financial position, the demand for funds, and other considerations.

In accordance with this policy, the annual dividend for the current fiscal year shall be as follows.

Since the Company paid an interim dividend of ¥6.50 per share, the annual dividend for the current fiscal year will be ¥19.50 per share.

- 1 Type of dividend property  
Cash
- 2 Allotment of dividend property and total amount thereof  
¥13 per common share of the Company  
Total dividends ¥317,603,793
- 3 Effective date of dividends of surplus  
June 23, 2023

**Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

At the conclusion of this General Meeting of Shareholders, the terms of office of all seven Directors will expire (Excluding directors who are Audit and Supervisory Committee members. The same applies for the proposal below). Therefore, in order to increase the effectiveness of the management system, the Company proposes to reduce the number of internal Directors by two and proposes the election of five Directors.

Each candidate for Director has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Committee, a majority of which are independent Outside Directors.

Upon reviewing the deliberations of the Nomination & Remuneration Committee and the policies for nominating candidates for Director, the Company's Audit and Supervisory Committee has determined that there are no special matters with regard to this proposal to be stated at the General Meeting of Shareholders as required by the provisions of the Companies Act.

The candidates for Director are as follows.

Candidate No.	Name	Gender Age	Current position in the Company	Attribute	Attendance at Board of Directors meetings
1	Tetsuji Morikubo	Male 46	Representative Director President, Chief Executive Officer	Reelection	15/15 (100%)
2	Takao Murata	Male 63	Director Senior Executive Officer, Chief Financial Officer	Reelection	15/15 (100%)
3	Akira Takanashi	Male 54	Director Senior Executive Officer, Chief Operating Officer	Reelection	15/15 (100%)
4	Naruhiko Takatsuji	Male 45	Outside Director, Chairperson of the Board of Directors	Reelection Outside Independent	15/15 (100%)
5	Mariko Ohsato	Female 60	Outside Director	Reelection Outside Independent	12/12 (100%)

Reelection: Candidate for Director to be reelected

Outside: Candidate for outside Director

Independent: Candidate for independent officer

- Notes: 1. The number of Board of Directors meetings Ms. Mariko Ohsato attended consists of all those since her appointment as a Director on June 23, 2022.
2. Age is that at the time of the General Meeting of Shareholders.

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	<p><b>Tetsuji Morikubo</b> (January 12, 1977)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2022 15/15</p> <p>Tenure as Director 5 years</p>	<p>May 2003      Joined the Company</p> <p>Feb. 2005      Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>Nov. 2012      General Manager of Value Creation Office of the Company</p> <p>Apr. 2013      General Manager of Corporate Planning Office</p> <p>Apr. 2015      Seconded to PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Dec. 2015      Representative Director of PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Apr. 2016      Executive Officer of the Company</p> <p>June 2018      Director and Senior Executive Officer in Charge of Corporate Strategy</p> <p>Apr. 2019      Chief Strategy Officer in Charge of Group Business Management</p> <p>June 2019      Representative Director (incumbent) and Vice President</p> <p>Nov. 2019      President and Chief Executive Officer in charge of the Punch Industry Group (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Tetsuji Morikubo and the Company.</p>	663,000
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking the office of Director of the Company in June 2018, Mr. Morikubo has been overseeing the entire business of the Punch Industry Group, with a focus on management and business development strategies. Furthermore, since becoming President and Chief Executive Officer in November 2019, he has worked hard for the growth of the Group and to improve corporate value as a top executive of the Punch Industry Group by utilizing his business experience at the Company and the Punch Industry Group in China and Southeast Asia. Accordingly, the Company requests that he be reelected as Director to oversee the Group's management, execute the "Value Creation 2024" mid-term business plan, and direct the further growth of the Group while enhancing its corporate value.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;"><b>Takao Murata</b> (October 4, 1959)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Attendance at Board of Directors meetings in FY2022 15/15</p> <p style="text-align: center;">Tenure as Director 11 years</p>	<p>Apr. 1984      Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>Nov. 1998      Seconded to JVC Electronics Malaysia Sdn. Bhd. as General Manager of Accounting Department</p> <p>Oct. 2008      Senior Manager of Finance Strategy Division of JVCKENWOOD Holdings, Inc. (currently JVCKENWOOD Corporation)</p> <p>July 2010      General Manager of Accounting &amp; Tax Supervisory Department of Finance Strategy Division of JVCKENWOOD Holdings, Inc.</p> <p>Dec. 2010      Joined the Company as Deputy General Manager of Accounting Department</p> <p>Apr. 2011      General Manager of Accounting Department</p> <p>July 2011      Executive Officer</p> <p>June 2012      Director (incumbent)</p> <p>June 2016      Executive Officer and Chief Financial Officer</p> <p>June 2017      Senior Executive Officer and Chief Financial Officer (incumbent)</p> <p>June 2018      In Charge of Administration (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Takao Murata and the Company.</p>	36,000
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2012, Mr. Murata has overseen the Group's administration department by utilizing many years of experience and insights in finance and accounting. In addition to centrally managing the Group's human, material, financial and information resources, he has promoted reforms in working-style and corporate governance. As such, the Company requests that he be reelected as Director. He will continue to be in charge of administration and will be the Executive Officer responsible for strengthening the foundation of the "Value Creation 2024" mid-term business plan, especially in regards to promoting financial and sustainability strategies and human capital management.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
3	<p><b>Akira Takanashi</b> (May 14, 1969)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2022 15/15</p> <p>Tenure as Director 5 years</p>	<p>Aug. 1989      Joined the Company</p> <p>Apr. 2008      Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>July 2013      General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2015      Executive Officer of the Company and Chairman of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2017      Senior Executive Officer of the Company (incumbent)</p> <p>Apr. 2018      General Manager of Manufacturing Headquarters and General Manager of Marketing &amp; Sales Headquarters</p> <p>June 2018      Director (incumbent) in Charge of Domestic Businesses</p> <p>Apr. 2019      Chief Operating Officer (incumbent) in Charge of Manufacturing and General Manager of Manufacturing Headquarters</p> <p>June 2021      In Charge of Manufacturing</p> <p>Apr. 2023      In Charge of Operations (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Akira Takanashi and the Company.</p>	25,219
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2018, Mr. Takanashi has been a powerful force in improving the Group's manufacturing capabilities and product quality as head of manufacturing by utilizing his business experience at the Company and the Punch Industry Group in China. Accordingly, the Company requests that he be reelected as Director. He will continue to be in charge of operations, and will be the Executive Officer to integrate manufacturing and sales, a major issue for management overall, while realizing improvement in corporate value under the "Value Creation 2024" mid-term business plan.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	<p style="text-align: center;"><b>Naruhiko Takatsuji</b> (October 4, 1977)</p> <p style="text-align: center;">Reelection Outside Independent</p> <p style="text-align: center;">Attendance at Board of Directors meetings in FY2022 15/15</p> <p style="text-align: center;">Tenure as Outside Director 2 years</p>	<p>Apr. 2000      Joined the Ministry of Economy, Trade and Industry</p> <p>June 2007      Joined M&amp;A Advisory Services Department of Sumitomo Mitsui Banking Corporation</p> <p>July 2009      Analyst at Toward the Infinite World, Inc.</p> <p>June 2011      In charge of Public Relations and IR of General Administration Department of Nabtesco Corporation</p> <p>Jan. 2013      Senior Analyst at Analysis Team of Uzabase, Inc.</p> <p>May 2014      Senior Analyst at Ichiyoshi Securities Co., Ltd. (Seconded to ICHIYOSHI RESEARCH INSTITUTE INC.)</p> <p>July 2020      Senior Economist and Senior Analyst at Information Distribution Section of FISCO Ltd.</p> <p>Apr. 2021      Part-time Lecturer at Graduate School of Law, Aoyama Gakuin University</p> <p>Apr. 2021      Visiting Researcher at Tama University Center for Social Investment (incumbent)</p> <p>June 2021      Outside Director of the Company (incumbent)</p> <p>June 2021      Outside Director (Audit and Supervisory Committee Member) of YAMASHIN-FILTER CORP. (incumbent)</p> <p>Jan. 2022      Visiting Professor of Professional University of Information and Management for Innovation (incumbent)</p> <p>Feb. 2022      Founded Japan Governance &amp; Valuation Institute</p> <p>Apr. 2022      Director and Economic Analyst (incumbent)</p> <p>June 2022      Part-time Lecturer at Faculty of Liberal Arts and Sciences, Tokyo City University (incumbent)</p> <p>June 2022      Chairperson of the Board of Directors of the Company (incumbent)</p> <p>June 2022      Outside Director of NITTOKU CO., LTD. (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> Director and Economic Analyst at the Japan Institute of Governance and Corporate Value Outside Director (Audit and Supervisory Committee Member) of YAMASHIN-FILTER CORP. Outside Director of NITTOKU CO., LTD.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Naruhiko Takatsuji and the Company.</p>	
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging him capable of appropriately fulfilling duties</b></p> <p>Mr. Takatsuji brings to the Company his knowledge and insight as an expert in corporate finance, economic and corporate analysis, the machinery industry, and investor relations, and also capitalizes on his experience as an outside director at another company. He has provided helpful advice on the Company's management strategy from an independent and objective standpoint. As a chairperson of the Nomination &amp; Remuneration Committee, he has expressed objective and clear views on the selection and remuneration of candidates for Company office. In addition, since June 2022, he has contributed to the invigoration and greater efficiency of the Board of Directors proceedings in his role as Chairperson. As such, the Company requests that he to be reelected as an Outside Director so the Group can continue to receive advice from him that will contribute to its growth and the improvement of corporate value. Although he has never been involved in the management of a company other than as an Outside Director, for the reasons stated above, we are confident that he will continue to appropriately perform his duties in that position.</p>			



Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
5	<p><b>Mariko Ohsato</b> (April 22, 1963)</p> <p>Reelection Outside Independent</p> <p>Attendance at Board of Directors meetings in FY2022 12/12</p> <p>Tenure as Outside Director 1 year</p>	<p>Apr. 1986      Joined IBM Japan Ltd.</p> <p>June 1992      Earned Master of Business Administration (MBA) from Kellogg School of Management, Northwestern University</p> <p>Sep. 1992      Joined Uniden Corporation (currently Uniden Holdings Corporation)</p> <p>June 1997      Director of IDS Corporation</p> <p>July 2005      Established Arc Communications Inc., Representative Director (incumbent)</p> <p>June 2016      Director of Public Relations Society of Japan (incumbent)</p> <p>Apr. 2018      Part-time Lecturer at Department of Sport Sciences, Waseda University</p> <p>Apr. 2019      Vice President of Japan Orienteering Association (scheduled to retire in June 2023)</p> <p>Sep. 2020      Outside Director of Uniden Holdings Corporation</p> <p>Nov. 2021      Outside Director (Audit and Supervisory Committee Member) of Uniden Holdings Corporation (retired in December 2022)</p> <p>June 2022      Outside Director of the Company (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> Representative Director of Arc Communications Inc.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Mariko Ohsato and the Company.</p>	—
<p><b>Reasons for nomination as candidate for Outside Director and expected roles</b></p> <p>With a proven track record as a corporate manager of business corporations. Ms. Ohsato has extensive experience and knowledge, including as an Outside Director of listed companies and a board member of various organizations. She capitalizes on this background to contribute to the Company's decision-making on important management matters while also helping to monitor the execution of business. As a member of the Nomination &amp; Remuneration Committee, she has provided objective and clear opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration. The Company also looks forward to her active participation in initiatives to increase management diversity, including efforts to promote women's empowerment within the organization. Accordingly, the Company requests that she be reelected as an Outside Director.</p>			

- Notes:
1. Mr. Naruhiko Takatsuji and Ms. Mariko Ohsato are candidates for Outside Director.
  2. Mr. Takatsuji and Ms. Ohsato satisfy the "Independence Criteria for Outside Directors" stipulated by the Company.
  3. The Company has entered into agreements with Mr. Takatsuji and Ms. Ohsato to limit their liabilities for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. The limit of liability for damages under the agreements is the minimum liability amount stipulated under Article 425, paragraph (1) of the Act. If they are reelected as Directors, the Company plans to continue the agreements with them.
  4. The Company has entered into a Directors and Officers liability insurance contract with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, under which the directors, audit & supervisory board members, executive officers, and employees in management and supervisory roles of the Company and its subsidiaries are the insureds. If elected to the Board of Directors, each candidate will be insured under the policy. The said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit & Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. Certain exclusions apply, however, and damages such as those caused by willful misconduct or gross negligence may not be compensated. In addition, the full insurance premium will be paid by the Company. The said insurance contract is planned to be renewed with the same terms and conditions upon the next renewal.
  5. The Company has submitted notifications to the Tokyo Stock Exchange for Mr. Takatsuji and Ms. Ohsato as independent officers as provided for by the aforementioned exchange. If they are elected as Directors, the Company intends to continue to designate them as independent officers.

### Proposal No. 3 Election of Three Directors Who Are Audit and Supervisory Committee Members

At the conclusion of this General Meeting of Shareholders, the terms of office of all three Directors who are Audit and Supervisory Committee Members will expire.

Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members. Each candidate for Director who is an Audit and Supervisory Committee Member has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Committee, a majority of which are independent Outside Directors.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for Director who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Gender Age	Current position in the Company	Attribute	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
1	Minoru Kawano	Male 66	Director (Full-time Audit and Supervisory Committee Members)	Reelection	15/15 (100%)	14/14 (100%)
2	Tomoo Suzuki	Male 65	Outside Director (Audit and Supervisory Committee Member)	Reelection Outside Independent	15/15 (100%)	14/14 (100%)
3	Chie Tabata	Female 47	—	New election Outside Independent	—/—	—/—

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for outside Director

Independent: Candidate for independent officer

Note: Age is that at the time of the General Meeting of Shareholders.

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	<p><b>Minoru Kawano</b> (May 28, 1957)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2022 15/15</p> <p>Attendance at Audit and Supervisory Committee meetings in FY2022 14/14</p> <p>Tenure as Director 2 years</p>	<p>Apr. 1982      Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>May 2007      Seconded to JVC China (Beijing) as General Manager of Administrative Department (until July 2009)</p> <p>June 2012      General Manager of Finance Supervisory Department of Finance Strategy Division of JVCKENWOOD Corporation</p> <p>Oct. 2013      Head of Finance Management Group, Finance Operation Department of Finance Strategy Division of JVC KENWOOD Corporation</p> <p>July 2014      Joined the Company as Deputy General Manager of Finance &amp; Accounting Department</p> <p>Apr. 2015      General Manager of Finance &amp; Accounting Department</p> <p>June 2017      Executive Officer, General Manager of Administration Headquarters and General Manager of Finance &amp; Accounting Department</p> <p>Apr. 2018      Executive Officer and General Manager of Corporate Audit Office</p> <p>June 2020      Senior General Manager of Corporate Audit Office</p> <p>June 2021      Director (Full-time Audit and Supervisory Committee Member) of the Company (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Minoru Kawano and the Company.</p>	7,803
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Mr. Kawano has an understanding of the Company's business and profound knowledge of finance and accounting, internal audit, internal control, risk management, etc. on the basis of many years of experience in areas of finance and accounting at his former position and the Company as well as his four years of experience as a person in charge of the internal audit departments. As a member of the Audit and Supervisory Committee, he audits the execution of work by the Directors from an objective and neutral standpoint. Given his wealth of experience and proven track record, the Company requests that Mr. Kawano be reelected as a Director who is an Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;"><b>Tomoo Suzuki</b> (January 31, 1958)</p> <p style="text-align: center;">Reelection Outside Independent</p> <p style="text-align: center;">Attendance at Board of Directors meetings in FY2022 15/15</p> <p style="text-align: center;">Attendance at Audit and Supervisory Committee meetings in FY2022 14/14</p> <p style="text-align: center;">Tenure as Outside Director 2 years</p>	<p>Apr. 1982      Joined NEC Corporation</p> <p>Oct. 2003      General Manager of Accounting Department of Personal Solution Planning Headquarters of NEC Corporation</p> <p>July 2008      Seconded to NEC TOSHIBA Space Systems, Ltd. as Supervisory Manager and General Manager of Business Planning Department</p> <p>Oct. 2011      General Manager of Management Planning Department of NEC TOSHIBA Space Systems, Ltd.</p> <p>June 2012      Full-time Audit &amp; Supervisory Board Member of Nippon Avionics Co., Ltd.</p> <p>June 2020      Advisor of Nippon Avionics Co., Ltd. (retired in June 2021)</p> <p>June 2021      Outside Director (Audit and Supervisory Committee Member) of the Company (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Tomoo Suzuki and the Company.</p>	-
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging him capable of appropriately fulfilling duties</b></p> <p>Mr. Suzuki has been engaged in finance and accounting for many years at business corporations and served as an Audit &amp; Supervisory Board Member for eight years at another business corporation. While he has not been involved in running a company in other ways than serving as an outside officer, he appropriately performs his duties as an Audit and Supervisory Committee Member on the basis of his abundant knowledge on finance and accounting as well as his auditing experience. The Company looks forward to his contributions to strengthening the audit and supervisory system and requests that he be reelected as an Outside Director who is an Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
3	<b>Chie Tabata</b> July 19, 1975  New election Outside Independent	<p>Apr. 1998      Joined Merrill Lynch Japan Securities Co., Ltd.</p> <p>Dec. 2009      Registered as an attorney at law</p> <p>Jan. 2010      Joined Hayabusa Asuka Law Offices</p> <p>June 2015      Joined Atsumi &amp; Sakai</p> <p>June 2016      Outside Audit &amp; Supervisory Board Member of C'BON COSMETICS Co., Ltd. (retired June 2020)</p> <p>Nov. 2021      Joined the Law Office of Yohei Suda</p> <p>Feb. 2022      Partner of Tsubame Law Offices (incumbent)</p> <p>Nov. 2022      Outside Director (Audit and Supervisory Committee Member) of Francfranc Corporation (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b></p> <p>Attorney, Tsubame Law Offices</p> <p>Outside Director (Audit and Supervisory Committee Member) of Francfranc Corporation</p> <p><b>[Relationship of special interest in the Company]</b></p> <p>There is no special interest between Chie Tabata and the Company.</p>	—
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging her capable of appropriately fulfilling duties</b></p> <p>Ms. Chie Tabata involved as an attorney in general corporate law and in many domestic and international cases, especially in intellectual property law and labor law. While she has not been involved in running a company in other ways than serving as an outside officer, the Company judges her to be appropriate as an Audit and Supervisory Committee Member performing her duties on the basis of her auditing experience at both listed and unlisted companies as an audit and supervisory committee member and as an outside director who is an audit and supervisory committee member. Looking forward to her contributions to the strengthening of the Company's audit and supervisory system as well as to receiving appropriate advice regarding efforts to promote women's empowerment and the strengthening of corporate governance, the Company requests that she be newly elected as an Outside Director who is an Audit and Supervisory Committee Member.</p>			

- Notes:
1. Mr. Tomoo Suzuki and Ms. Chie Tabata are candidates for Outside Director.
  2. Mr. Suzuki and Ms. Tabata satisfy the "Independence Criteria for Outside Directors" stipulated by the Company.
  3. The Company has entered into an agreement with Mr. Suzuki to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph (1) of the Act. If he is reelected as Director, the Company plans to continue the agreements with him. Also, if Ms. Tabata is elected as Director, the Company intends to enter into an agreement with her to limit her liability for damages in the same manner.
  4. The Company has entered into a Directors and Officers liability insurance contract with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, under which the directors, audit & supervisory board members, executive officers, and employees in management and supervisory roles of the Company and its subsidiaries are the insureds. If elected to the Board of Directors, each candidate will be insured under the policy. The said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit & Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. Certain exclusions apply, however, and damages such as those caused by willful misconduct or gross negligence may not be compensated. In addition, the full insurance premium will be paid by the Company. The said insurance contract is planned to be renewed with the same terms and conditions upon the next renewal.
  5. The Company has submitted notification to the Tokyo Stock Exchange for Mr. Suzuki as independent officer as provided for by the aforementioned exchange. If he is reelected as Director, the Company plans to continue to designate him as an independent officer. If Ms. Tabata is elected as Director, the Company intends to submit notification as independent officer on her behalf as well.

<Reference>

**Skill matrix of the Board of Directors if Proposal No. 2 and Proposal No. 3 are approved as proposed**

Category	Name	Attribute, etc.		Experience and knowledge beneficial for management and business operations				Experience and knowledge for the foundation of management		
		Independent Outside	Nomination & Remuneration Committee	Corporate management/ Business strategy	Global	Manufacturing/ Technology/ Quality	Sales/ Marketing	Financial accounting	Legal/ Compliance/ Risk management	Personnel/ Labor/ Human resources development
Directors	Tetsuji Morikubo		○	◎	●	●				
	Takao Murata				●			●		●
	Akira Takanashi			◎	●	●				
	Naruhiko Takatsuji	○	○	●				●	●	
	Mariko Ohsato	○	○	◎	●					●
Directors who are Audit and Supervisory Committee Members	Minoru Kawano				●			●	●	
	Tomoo Suzuki	○		●	●			●		
	Chie Tabata	○							●	●

The Company is adopting an executive officer system. The skills of executive officers who do not serve concurrently as directors are as follows.

Executive officers	Hirohisa Morikubo	—	—	◎	●		●			
	Hideki Kinumatsu	—	—	●	●					●
	Joji Kawasaki	—	—	◎	●	●				
	Tomoki Katamura	—	—		●			●		
	Makoto Kume	—	—	◎	●		●			
	Fumio Tsuruma	—	—	●				●	●	
	Masahiko Iwaki	—	—		●	●				

- ◎ indicates experience in top company management (including at subsidiaries).
- indicates Company judges that candidate has the required skills for a Director or Executive Officer.

**Skill set and reason for inclusion**

Towards the achievement of the “Value Creation 2024” mid-term business plan and in order to advance efforts aimed at priority management initiatives and to promote the strengthening of the management foundation, the Company believes it is necessary for the Board of Directors and the management team to have not only experience and knowledge beneficial for management and business operations but also experience and knowledge related to the management foundation. Toward this end, we have selected the skills shown below.

Skill set	Reason for inclusion
Corporate management/ Business strategy	Necessary for important corporate decision-making, managerial judgment, and formulation of strategy for sustainable growth of the company and enhancement of corporate value over the medium to long term
Global	Necessary for further acceleration of future global expansion
Manufacturing/Technology/ Quality	Necessary to enhance sources of added value, namely manufacturing expertise, technical skills and quality and to promote development of new technology and improve capital efficiency by improving productivity
Sales/Marketing	Necessary for achieving sales and further growth through development of new products and markets
Financial accounting	Necessary to ensure management soundness, promote strategic investments for growth and realize appropriate shareholder returns
Legal/Compliance/ Risk management	Necessary to ensure management fairness and transparency, and to appropriately respond to various risks apt to occur in corporate activities
Personnel/Labor/ Human resources development	Necessary for the development of human resources capable of achieving management strategies by formulating and operating fair and appropriate personnel systems and fostering environments that maximize individual abilities

### **Policy and Procedure in Nominating Candidates for Director**

Candidates are proposed by the Representative Director provided that the following requirements are met, and determined by the Board of Directors after deliberation on their eligibility at the Nomination & Remuneration Committee, a majority of which are independent outside directors.

#### Requirements for Directors

- (i) The person has personality and insight that is appropriate for a director of a listed company
- (ii) The person has no health issues, both physically and mentally, in performing duties as Director
- (iii) The person has excellent managerial judgment and management execution capabilities
- (iv) The person has sufficient experience and knowledge to fulfill duties as Director in relation to the operations of the Company and its Group
- (v) The person has abundant expertise/experience and is a talented individual who can contribute to sustainable growth of the Company and increase in corporate value over the medium to long term
- (vi) His/her concurrent assignments as officer at other listed companies are within reasonable limits, allowing him/her to allocate sufficient time and efforts to businesses as Director of the Company
- (vii) The person satisfies Independence Criteria for Outside Directors
- (viii) Independence from a person with responsibility to execute business
- (ix) Ability to maintain integrity and objectivity
- (x) At least one Director should preferably have reasonable knowledge on finance and accounting

Note: Among the above, (i) to (iv) are requirements for internal Directors, (i) to (iii) and (v) to (vii) are those for Outside Directors, and (viii) to (x) in addition to the above mentioned are those for Directors who are Audit and Supervisory Committee Members.

#### **Independence Criteria for Outside Directors**

If a person does not fall under any of the below items in addition to meeting the requirements for outside directors for the purpose of the Companies Act, the Company judges the relevant outside director to have independence with no risk of conflict of interest with general shareholders.

- (i) A person with the current responsibility to execute business\*1 of the Company and its affiliates (the Group hereinbelow), or who has had such responsibility in the past
- (ii) A party who has the Group as a major trading partner\*2 or a person with responsibility to execute business for such party
- (iii) A major trading partner of the Group or a person with responsibility to execute business for such trading partner
- (iv) A major shareholder\*3 of the Company or a person with responsibility to execute business for such shareholder
- (v) A person with responsibility to execute business for a company of which the Group is a major shareholder
- (vi) A person who belongs to an auditing corporation which acts as Statutory Accounting Auditor of the Company
- (vii) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives a large amount\*4 of money or other financial benefits other than officers' remuneration from the Group. Where a relevant person who receives such benefits is an entity such as a corporation or association, persons who belong to such entity are included.
- (viii) A party who receives a large amount of donations or grants from the Group, or a person with responsibility to execute business for such party
- (ix) A financial institution or its affiliated company from which the Group borrows money in excess of 2% of its consolidated total assets as at the end of the most recent fiscal year, or a person with responsibility to execute business for such companies
- (x) Where a person with responsibility to execute business for the Group concurrently assumes office of outside officer of another company, a person with responsibility to execute business for such other company or its affiliates
- (xi) A person who has fallen under (ii) to (x) in the above during the past three years
- (xii) Where a person who falls under (i) to (xi) in the above assumes an important post (an officer or employee in a General Manager post or other equivalent positions), his/her spouse and relative within the second degree of kinship

Notes:

\*1 A person with responsibility to execute business: executive director, executive officer, officer in charge of the execution of the operations of other entities, etc., and staff member/employee who executes business

- \*2 Major trading partner: A trading partner where the amount of business with such partner exceeds 2% of its consolidated sales during the most recent financial year
- \*3 Major shareholder: A shareholder who possesses 10% or more of voting rights, including direct and indirect ownership
- \*4 A large amount: More than ¥10 million a year in the case of an individual, and more than an amount equivalent to 2% of its annual total revenue in the case of an entity such as a corporation or association



**Proposal No. 4 Election of One Substitute Director Who Is an Audit and Supervisory Committee Member**

The Company proposes the election of one Substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

A candidate for substitute Director who is an Audit and Supervisory Committee Member has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Committee, a majority of which are independent Outside Directors.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidate for Substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Career Summary	Number of the Company's shares owned
<p style="text-align: center;"><b>Kiyotaka Yokokoji</b> (November 17, 1957)</p> <p style="text-align: center;">Outside Independent</p>	<p>Apr. 1980      Joined Kewpie Corporation</p> <p>July 2004      General Manager of HR Headquarters and Labor Relations of Kewpie Corporation</p> <p>July 2005      General Manager of Labor Relations, General Affairs, and the Consignment Business at SK.System Co., Ltd.</p> <p>Feb. 2010      Representative Director of SK.System Co., Ltd.</p> <p>Feb. 2013      Executive Officer and General Manager of HR Headquarters of Kewpie Corporation</p> <p>Feb. 2018      Full-time Corporate Auditor of Kewpie Corporation (retired in Feb. 2022)</p> <p>May 2023      Full-time Corporate Auditor (Outside) of ALINK, Internet, INC. (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> Full-time Corporate Auditor (Outside) of ALINK, Internet, INC.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Kiyotaka Yokokoji and the Company.</p>	—
<p><b>Reasons for nomination as candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member and expected roles</b></p> <p>Mr. Kiyotaka Yokokoji has been involved for many years in work related to personnel and labor relations at business corporations, and he has further experience in senior management and as a full-time corporate auditor. The Company judges him to be appropriate as an Outside Director of the Company who is an Audit and Supervisory Committee Member and requests his election as a Substitute Outside Director who is an Audit and Supervisory Committee Member.</p> <p>If Mr. Yokokoji takes office as an Outside Director who is an Audit and Supervisory Committee Member, the Company will look forward to his capitalizing on his experience in management and as a full-time corporate auditor to execute audits appropriately.</p>		

- Notes:
1. Mr. Kiyotaka Yokokoji is a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member.
  2. Mr. Yokokoji satisfies the “Independence Criteria for Outside Directors” stipulated by the Company.
  3. If Mr. Yokokoji takes office as a Director who is an Audit and Supervisory Committee Member, the Company intends to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph (1) of the Act.
  4. The Company has entered into a Directors and Officers liability insurance contract with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, under which the directors, audit & supervisory board members, executive officers, and employees in management and supervisory roles of the Company and its subsidiaries are the insureds. The insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors of the Company, upon a claim for damages filed by a shareholder, third party, etc. If Mr. Yokokoji takes office as a Director who is an Audit and Supervisory Committee Member, he will be insured under the contract. The said insurance contract is planned to be renewed with the same terms and conditions upon the next renewal.
  5. If Mr. Yokokoji takes office as a Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification to the Tokyo Stock Exchange for him as an independent officer as provided for by the aforementioned exchange.

## **Proposal No. 5 Continuation of the Countermeasures Against Large Acquisition of Shares in the Company (Anti-takeover Measures)**

At the Company's Board of Directors meeting held on April 10, 2020, the Company resolved to adopt Countermeasures Against Large Acquisition of Shares in the Company (anti-takeover measures) (hereinafter referred to as the "Current Plan"), and the shareholders approved these measures at the Company's 46th Annual General Meeting of Shareholders held on June 25 of the same year. This Current Plan expires at the close of this General Meeting.

The Company has continued to explore how this adopted Current Plan should work, including whether we should maintain it, as one of our efforts to secure and enhance the corporate value of the Company, along with profits shared with shareholders. We have considered changes in social and economic conditions, various moves and developments in discussion associated with anti-takeover measures, and the objectives of Japan's Corporate Governance Code, among others.

As a result, at the Company's Board of Directors meeting held on May 12, 2023, the Company resolved to continue the Current Plan (this Plan to be continued is hereinafter referred to as the "Plan") on condition that its shareholders approve the continuation at this General Meeting. The Plan is part of our efforts to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person (Article 118, item (iii), (b), 2 of the Regulations for Enforcement of the Companies Act) in light of the basic policies regarding way a person is to control the determination of financial and business policies of the Company (as specified in Article 118, item (iii) of the Regulations for Enforcement of the Companies Act; hereinafter referred to as the "Basic Policies").

We present this proposal to request our shareholders' approval for the continuation of the Plan.

This Plan remains practically unchanged from the Current Plan, except for modifications to and reordering of some words and phrases in the Current Plan.

### **I Reasons for the Proposal**

#### **1. Descriptions of the Basic Policies**

The Company believes that those who control decisions on the Company's financial and business policies need to be the persons who fully understand the Company's finances and businesses in detail, along with the source of the Company's corporate value, and make it possible for the Company to continuously and sustainably ensure and enhance its corporate value and, in turn, the common interests of its shareholders.

The Company believes that any decision regarding a proposed acquisition involving a transfer of control of the Company should ultimately be made according to the will of all shareholders of the Company. Moreover, the Company will not reject large acquisition of the Company's shares if it will contribute to the corporate value of the Company, and eventually to the common interests of its shareholders.

However, there are not a few cases in which large share acquisition may cause obvious harm to corporate value and the common interests of shareholders in terms of the purpose of the acquisition, may effectively force shareholders to sell their shares, may not provide sufficient time and information for the target company's board of directors and shareholders to consider the details, etc., of the large share acquisition or for the target company's board of directors to make an alternative proposal, or may require the target company to have discussions or negotiations with the potential acquirer in order to bring about more favorable terms than those offered by the potential acquirer, that may not contribute to the target company's corporate value and the common interests of its shareholders.

Unless a person making large acquisition of shares in the Company understands the source of the Company's corporate value and is able to secure and enhance the source over the medium to long term, the Company's corporate value and the common interests of its shareholders will be damaged.

The Company believes that a person who conducts such large share acquisition that does not contribute to the corporate value of the Company and the common interests of its shareholders is inappropriate as a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and the common interests of its shareholders by taking necessary and reasonable countermeasures against such large share acquisition by the person.

## 2. Summary of the Special Initiatives that Contribute to the Implementation of the Basic Policies

### (i) Initiative as the mid-term business plan

To achieve its corporate vision, the Company is undertaking Value Creation (VC) 2024, a three-year mid-term business plan launched in fiscal 2022.

VC 2024 specifies that “customers’ all-time first choice” is what the Company seeks to become, with “demand for automation and labor saving” in manufacturing as a new growth engine. It states that “expansion of new and existing businesses,” “strengthening the production system,” and “strengthening R&D” as the three priority initiatives, and that, as the measures to strengthen our management foundations that support these initiatives, we will pursue “digital transformation (DX) promotion,” “financial strategy,” and “sustainability.”

#### ● Expansion of new and existing businesses

In our new business, to meet the growing demand for automation and labor saving, we are working to expand the sales of special order products in the FA areas by applying the technology we have developed through the manufacturing of special order components for dies. In our existing business, we are working to improve ordered services and expand our sales network to Southeast Asia as well as North America and Europe.

#### ● Strengthening the production system

We are working to streamline the Group’s production systems by boosting the production capacities of plants in Japan and overseas and improving technologies and quality in order to reduce cost.

#### ● Strengthening R&D

We are pursuing the enhancement of our technological capability and the development of new technologies through P-Bas®, a technology that enables the production of an ideal cooling circuit by bonding multiple components, and aerospace-related projects.

#### ● DX promotion

In addition to creating new IT-driven services, we are working to overhaul our internal IT infrastructure, organize our data, and improve its analyses, along with providing training to human resources for DX who work on these tasks.

#### ● Financial strategy

We have adopted management based on return on invested capital (ROIC) as a new approach in order to acquire greater earning power and to pursue the optimal capital structure.

#### ● Sustainability

We rise to the challenges facing society, including those of decarbonization and other efforts to protect the global environment and of ensuring respect for human rights, thereby increasing our corporate value. We also believe that human resources are capital and the source of our corporate value. Thus, we work on human capital-oriented management as well as improvements in our corporate governance, with the aim of achieving fair and highly transparent management.

### (ii) Efforts to establish stronger corporate governance

The Company believes that establishing corporate governance is key to ensuring compliance with laws and regulations to fulfill its social responsibility in good faith, as well as to ensuring greater health and transparency of management, protecting the interests of shareholders, customers, and all other stakeholders, and achieving its sustainable growth and increasing its medium- to long-term corporate value. Our efforts to improve our corporate governance include the establishment of the Nomination & Remuneration Committee, evaluation of the effectiveness of the Board of Directors, improvements in the executive officer system, change of the Chairperson of the Board of Directors to an Outside Director, and reorganization of the executive compensation system by adopting restricted stock units, among other measures. To further strengthen the supervisory function for the Board of Directors, we have transitioned to a company with audit and supervisory committee from a company with board of company auditors in accordance with the resolution of the 47th Annual General Meeting of Shareholders held on June 23, 2021.

## 3. Purpose of the Plan

The purpose of the Plan is to ensure and enhance the corporate value of the Company and the common interests of its shareholders, following the Basic Policies stated in 1. above.

As specified in the Basic Policies, the Board of Directors of the Company believes that a person who conducts large acquisition of shares in the Company that does not contribute to the corporate value of the Company and the common interests of its shareholders is inappropriate as a person who controls decisions on the Company's financial and business policies. To prevent this type of inappropriate person from controlling decisions on the Company's financial and business policies, and to deter the person from conducting large acquisition of shares in the Company that works against the corporate value of the Company and the common interests of its shareholders, this Plan intends to enable the Board of Directors of the Company to make an alternative proposition to shareholders or to secure the information and time that shareholders would need to determine whether to accept such large share acquisition, and to negotiate for shareholders, if such large acquisition is conducted.

## II Details of the Proposal

### 1. Summary of the Plan

This Plan specifies the procedure necessary to fulfill the above purpose should anyone attempt to acquire 20% or more of the share certificates of the Company, such as requesting the potential acquirer to provide information in advance. The Plan also states that, if the procedure for the Plan begins, a potential acquirer must not conduct acquisition until the Board of Directors of the Company or the General Meeting of Shareholders resolves not to invoke the Plan.

If the given requirements are met to invoke the Plan because a potential acquirer does not follow the procedure specified in this Plan, or because intended large acquisition of share certificates of the Company is likely to damage the corporate value of the Company and the common interests of its shareholders, the Company may take countermeasures (as defined in (e) under 2. (1) "Procedures for invoking the Plan" below; the same shall apply hereinafter). These measures include allotting share acquisition rights subject to the condition that, in principle, the rights may not be exercised by a potential acquirer and to call that allows the Company to acquire share acquisition rights from persons other than a potential acquirer in exchange for shares in the Company. This allotment shall be done by means of allotment of share acquisition rights to all shareholders as of then (except for the Company) without contribution.

When these Share Acquisition Rights (as defined in (a) under 2. (1) "Procedures for invoking the Plan" below; the same shall apply hereinafter) are allotted without contribution according to the Plan and shares in the Company are delivered to shareholders other than the potential acquirer through the exercise of the rights or acquisition of the rights by the Company, the ratio of voting rights the potential acquirer has over the Company may be diluted up to 50%.

To exclude any arbitrary decision by Directors on whether to allot these Share Acquisition Rights without contribution or on the acquisition of the rights according to the Plan, an objective decision made by the Independent Committee, which consists of Outside Directors of the Company and/or outside experts who are independent from the management team of the Company, shall precede a decision of the Board of Directors of the Company.

In addition to this, the Board of Directors of the Company may call a general meeting of shareholders to confirm the will of shareholders should a case prescribed in the Plan arise.

We shall ensure the transparency of how this procedure is followed by disclosing information to shareholders.

## 2. Descriptions of the Plan

### (1) Procedures for invoking the Plan (please refer to Appendix 1: Flowchart of the Countermeasures Against Large Acquisition of Shares in the Company)

#### (a) Purchase subject to the Plan

This Plan shall apply when an action that corresponds to or is similar to either (i) or (ii) below is taken (including a proposal for either of these actions (Note 1.)) (except for any action to which the Board of Directors of the Company has separately resolved not to apply the Plan; hereinafter referred to as a “Purchase.”).

- (i) A purchase or any other acquisition that would raise the ownership ratio (Note 2.) of share certificates, etc. (Note 3.) issued by the Company that the holder (Note 4.) has to 20% or more.
- (ii) A tender offer (Note 5.) that would lead the sum of the ownership ratios (Note 6.) of share certificates, etc. (Note 7.) issued by the Company that are held by the tender offeror and by the offeror’s specially related party (Note 8.) to be 20% or more.

Any person who offers to make a Purchase (hereinafter referred to as an “Offeror”) shall prepare to follow the procedure specified in the Plan and must not carry out the Purchase until the Board of Directors of the Company resolves not to allot share acquisition rights (the major details of the rights are described in (3) “Summary of allotment of the Share Acquisition Rights without contribution” below; hereinafter referred to as the “Share Acquisition Rights”) without contribution or take any other countermeasures, or a General Meeting of Shareholders of the Company rejects the proposal to allot the Share Acquisition Rights without contribution or take any other countermeasures, in accordance with the Plan.

Note 1. “Proposals” include solicitation from a third party.

Note 2. Defined in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act. The same shall apply hereafter in this proposal.

Note 3. Defined in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act. The same shall apply hereafter in this proposal unless otherwise specified.

Note 4. Including persons who are included in the holders pursuant to Article 27-23, paragraph (3) of the Financial Instruments and Exchange Act (including persons who are recognized to fall under this category by the Board of Directors of the Company). The same shall apply hereafter in this proposal.

Note 5. Defined in Article 27-2, paragraph (6) of the Financial Instruments and Exchange Act. The same shall apply hereafter in this proposal.

Note 6. Defined in Article 27-2, paragraph (8) of the Financial Instruments and Exchange Act. The same shall apply hereafter in this proposal.

Note 7. Defined in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act.

Note 8. Defined in Article 27-2, paragraph (7) of the Financial Instruments and Exchange Act (including those who are recognized to fall under this category by the Board of Directors of the Company). However, with respect to the persons set forth in item (i) of the same paragraph, those set forth in Article 3, paragraph (2) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers are excluded. The same shall apply hereafter in this proposal.

#### (b) Submission of a Letter of Intent

Prior to commencing or executing the Purchase, the Offeror is required to submit to the Company, in a form separately prescribed by the Company, a legally binding document (signed or stamped with a name and seal by a representative of the Offeror who must not attach any conditions for submission of the document or withhold the submission) containing a covenant to comply with the procedures of the Plan and a certificate of qualification of the representative who has signed or stamped the document (hereinafter collectively referred to as a “Letter of Intent”). In the Letter of Intent, the Offeror is required to clearly indicate the name, address or main office, location of its office, the law governing its establishment, name of its representative, contact information in Japan, and summary of the contemplated Purchase. The language used in the Letter of Intent, the Purchase Explanation specified in (c) below, and any other documents that the Offeror submits to the Company or the Independent Committee shall be only Japanese.

#### (c) Request for information to the Offeror

The Company delivers to the Offeror the form of the Purchase Explanation (defined below) (including a list of information that should be provided by the Offeror to the Company) within ten business days of receipt of the Letter of Intent. The Offeror is required to submit to the Board of Directors of the Company a document (hereinafter referred to as the “Purchase Explanation”) providing the information that the Board of Directors of the Company or the Independent Committee thinks is necessary to examine the details of the Purchase by the Offeror, including the information prescribed in the items below (hereinafter referred to as the “Necessary Information”) as per the form delivered by the Company. When the Board of Directors of the Company receives the Purchase Explanation, it promptly sends the Explanation to the Independent Committee (please refer to Appendix 2: Summary of the Rules of the Independent Committee for the criteria for appointment of Independent Committee members, matters for resolution and requirements for resolution by the Committee, etc. Appendix 3: Independent Committee Members - Career Summaries shows short biographies of the Committee members scheduled to assume the position when the Plan continues). The Board of Directors of the Company

and the Independent Committee may request the Offeror to provide additional information by a suitably specified deadline if they decide that the details contained in the Purchase Explanation are inadequate as the Necessary Information. In this case, the Offeror is required to provide the additional information to the Board of Directors of the Company and the Independent Committee by the deadline.

- (i) Details of the Offeror and its group (e.g., any joint holder (Note 9.), specially related party, specially related party of a person of whom the Offeror is a controlled corporation or other organization (Note 10.), and any other closely related parties) (including their names, capital relationships, details of their finances, their financial performance, whether they have violated the laws and regulations and details of the violation if any, and details of any past transactions similar to the Purchase made by the Offeror) (Note 11.)
- (ii) The objective of the Purchase, method to be used for the Purchase and descriptions thereof (including the value and type of the consideration, schedule, how related transactions work, the legality of the method, and feasibility)
- (iii) Value of the Purchase and details of the basis for calculation
- (iv) Details of any agreement related to share certificates, etc. of the Company between the Offeror and a third party, and information about any past acquisition of share certificates, etc. of the Company by the Offeror
- (v) The financial backing for the Purchase (including the specific name of the provider of funds for the Purchase (including substantial providers of funds for acquisition), the method of financing, and the details of related transactions)
- (vi) Communication with a third party about the Purchase and, if any, what has been communicated
- (vii) Management policy, business plan, capital policy and dividend policy of the Company after the offered Purchase is carried out
- (viii) Policy regarding shareholders of the Company (excluding the Offeror), employees and trading partners of the Company, local communities, and any other stakeholders of the Company after the Purchase is carried out
- (ix) Specific measures to avoid conflicts of interest with other shareholders of the Company
- (x) Information regarding relationships with anti-social forces
- (xi) Any other information that the Board of Directors or the Independent Committee of the Company reasonably determines to be necessary

Note 9. Joint holders as defined in Article 27-23, paragraph (5) of the Financial Instruments and Exchange Act, including those deemed to be joint holders pursuant to paragraph (6) of the same article (including those who are recognized to fall under this category by the Board of Directors of the Company). The same shall apply hereafter in this proposal.

Note 10. Defined in Article 9, paragraph (5) of the Order for Enforcement of the Financial Instruments and Exchange Act.

Note 11. If the Offeror is a fund, information about union members and other members that corresponds to the information stated in (i) is included.

(d) Review of the terms of the Purchase, negotiation with the Offeror, and review of alternative proposals

(i) Request for information from the Board of Directors of the Company

When the Offeror submits the Purchase Explanation and the additional information requested by the Board of Directors or the Independent Committee of the Company (if any), the Independent Committee may also request that the Board of Directors of the Company provide its opinions about the details of the Purchase made by the Offeror (including those that express the intention to withhold opinions; the same shall apply hereinafter), documents that serve as the basis for the opinions, alternative proposals (if any), and any other information that the Independent Committee suitably recognizes as necessary, by the end of the response period that the Independent Committee suitably sets (hereinafter referred to as the “Board of Directors Review Period”) so that the date falls sometime during the Independent Committee Review Period (defined in (ii) “Review and other actions by the Independent Committee” below).

(ii) Review and other actions by the Independent Committee

When the Independent Committee acknowledges that the Offeror has provided the information (including additionally requested information), the Committee reviews the details of the Purchase, collects information about and compares the management and business plans by the Offeror and the Board of Directors of the Company, and reviews the alternative proposals presented by the Board of Directors of the Company over the period that begins from the day all the information is received and ends when, as a rule, 90 days pass (hereinafter referred to as the “Independent Committee Review Period”) (Note 12.). During the review, the Independent Committee may receive advice from financial advisors, certified public accountants, lawyers, tax accountants, consultants, and other relevant experts at the expense of the Company.

The Independent Committee may also have direct or indirect discussions or negotiations with the Offeror if doing so is necessary to improve the details of the Purchase in order to ensure and enhance the corporate value of the Company and the common interests of its shareholders. If the Independent Committee requests the

Offeror, directly or indirectly, to provide documents for review or other information, or to hold discussions or negotiations, the Offeror must promptly comply with the request.

The Independent Committee may extend the Independent Committee Review Period for another reasonable length needed to review the details of the Purchase made by the Offeror and alternative proposals (if any) as well as to negotiate with the Offeror (note that, as a rule, the extension shall not exceed 30 days).

Note 12. We are aware that independent committees of some companies have different review periods for an offer to purchase all share certificates, etc., in exchange for money (in yen) and for any other partial offers as part of their anti-takeover measures. We believe that it is practical for the Company to have the same Independent Committee Review Period for both types of offers because the duties that the Independent Committee should perform (including reviewing the details of the Purchase, collecting information about and comparing the management and business plans by the Offeror and the Board of Directors of the Company, and reviewing the alternative proposals presented by the Board of Directors of the Company) are essential, regardless of the type of consideration.

(e) Advice offered by the Independent Committee

Following the above procedures, the Independent Committee may advise the Board of Directors of the Company to allot the Share Acquisition Rights without contribution or take other measures that are allowed under the laws and regulations and the Articles of Incorporation of the Company (hereinafter collectively referred to as “Countermeasures”) if the Committee decides that either of the reasons for invoking the Plan that are specified in (2) “Requirements for implementation of Countermeasures” (hereinafter collectively referred to as “Reasons for Invoking the Plan”) below applies to the Purchase. The Independent Committee may also add to the advice a statement that the Board should confirm the will of shareholders before taking Countermeasures, allowing the Board to withhold immediate action.

Note that, after it advises that Countermeasures be taken, the Independent Committee may offer new advice about dropping the Countermeasures or other relevant actions if it decides that either of the reasons stated below applies to the Purchase in question. After it advises that the Share Acquisition Rights be allotted without contribution, the Independent Committee may offer new advice, by two business days before the ex-rights date for the allotment of the Share Acquisition Rights without contribution, that the allotment of the Share Acquisition Rights without contribution should be cancelled. Or, from the effective date of the allotment of the Share Acquisition Rights without contribution to one day before the first date of the exercise period for the Share Acquisition Rights, the Committee may advise that the Share Acquisition Rights be acquired without contribution.

- (i) The Offeror withdraws the Purchase, or the Purchase ceases to exist for any other reasons, after the advice is given.
- (ii) The Reasons for Invoking the Plan cease to exist because of changes in the facts which prompted the decision to offer the advice, or for any other reasons.

However, if it decides that there are no Reasons for Invoking the Plan against the Purchase, the Independent Committee shall not advise the Board of Directors of the Company to take any Countermeasures. Note that, even when it decides not to advise that Countermeasures be taken, the Independent Committee may offer new advice that Countermeasures should be taken if any Reasons for Invoking the Plan arise at a later date because of changes in the facts which prompted the decision to offer the advice against Countermeasures.

In addition to the above, if the Purchase may damage the corporate value of the Company, and thus the common interests of its shareholders, the Independent Committee may also advise that a General Meeting of Shareholders be held to confirm the will of shareholders regarding the Purchase by the Offeror, giving the reason for the advice.

(f) Resolution of the Board of Directors

When it receives advice from the Independent Committee in accordance with (e) above, the Board of Directors of the Company shall honor the advice to the fullest extent and promptly adopt a resolution to implement or not to implement Countermeasures as an organ that abides by the Companies Act. Note that, if it decides to hold a General Meeting of Shareholders pursuant to (g) below, the Board of Directors of the Company shall adopt its resolution in accordance with the resolution of the General Meeting of Shareholders.

(g) Convocation of a General Meeting to Confirm the Will of Shareholders

The Board of Directors of the Company shall convene a General Meeting of Shareholders to confirm the will of shareholders (hereinafter referred to as a “General Meeting to Confirm the Will of Shareholders”) if: (I) the Independent Committee has given a statement that the Board should obtain approval for taking Countermeasures from shareholders at a General Meeting, or advised the Board to confirm the will of shareholders regarding the Purchase by the Offeror, in accordance with (e) above, or (II) whether Reason for Invoking the Plan 2 is applicable to a certain Purchase is questioned, and the Board of Directors of the Company, taking account of the time needed to hold a General Meeting of Shareholders, decides that it is appropriate to confirm the will of shareholders in light of the duty of due care of a prudent manager.

(h) Disclosure of information

As part of its administration of the Plan, the Company will, in accordance with applicable laws and regulations

or policies and rules specified by the relevant financial instruments exchange, disclose information in a timely manner regarding the progress (including the fact that the Letter of Intent and Purchase Explanation have been submitted, the fact that the Independent Committee Review Period has commenced, and/or the fact that the Independent Committee Review Period has been extended, coupled with the extended period and the reasons for the extension) of each procedure of the Plan, a summary of the advice by the Independent Committee, a summary of the resolutions of the Board of Directors of the Company, a summary of the resolution of the General Meeting to Confirm the Will of Shareholders, and other matters deemed appropriate by the Independent Committee or the Board of Directors of the Company.

(2) Requirements for implementation of Countermeasures

Any of the reasons stated below are required to invoke the Plan to take Countermeasures. As stated in (e) under (1) “Procedures for invoking the Plan” above, advice from the Independent Committee always precedes a decision about whether any of the requirements below applies.

Reason for Invoking the Plan 1

The Purchase does not follow the procedure specified in the Plan (including cases in which the time and information reasonably needed to judge the details of the Purchase are not given), and it merits Countermeasures.

Reason for Invoking the Plan 2

Any of the following applies to the Purchase, and the Purchase merits Countermeasures.

- (a) The Purchase may cause obvious harm to the corporate value of the Company and the common interests of its shareholders through any of the following acts:
  - (i) Buying up share certificates, etc., and demanding that the Company or its stakeholders purchase these share certificates, etc., at a high price
  - (ii) Temporarily controlling the management of the Company to acquire the Company’s important assets at low cost, and any other acts of management intended to serve the interest of the Offeror at the expense of the Company
  - (iii) Misappropriating the Company’s assets to put them up as collateral for debt obligations of the Offeror or its group companies or to use them as funds for repayment of the debts
  - (iv) Temporarily controlling the management of the Company to dispose of high-priced assets that have no relevance to its current business, and using the profits from such disposal to pay high dividends temporarily, or selling the shares at a high price by taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporary high dividends
- (b) If the Purchase was for a coercive two-tiered purchase (a tender offer or other acquisition of shares without soliciting the acquisition of all shares in the initial acquisition and with unfavorable or unclear terms for the second stage of the acquisition) or any other purchases that may effectively coerce shareholders into selling their shares
- (c) The conditions for the Purchase (including the value and type of the consideration, schedule, legality of the method, and feasibility) are inadequate or inappropriate in terms of the primary value of the Company
- (d) The Purchase is likely to pose a serious threat that would go against the corporate value of the Company and the common interests of its shareholders by damaging any relationships with interested parties, such as employees of the Company, who are essential to create the corporate value of the Company, or by taking any other equivalent actions.

(3) Summary of allotment of the Share Acquisition Rights without contribution

The following summarizes the allotment of the Share Acquisition Rights without contribution that is implemented in accordance with the Plan.

(a) Number of Share Acquisition Rights

The number shall be the same as the finalized total number of outstanding shares in the Company as of a date separately specified (hereinafter referred to as the “Allotment Date”) by resolution of the Board of Directors concerning the allotment of the Share Acquisition Rights without contribution (hereinafter referred to as the “Resolution for Allotment of the Share Acquisition Rights Without Contribution”) (note that the number of these shares held by the Company on this Date shall be deducted).

(b) Shareholders Entitled to Allotment



We allot one Share Acquisition Right to shareholders (other than the Company) recorded in the Company's final shareholder register as of the Allotment Date (hereinafter referred to as "Shareholders Entitled to Allotment") for each share in the Company they hold.

- (c) Effective date of the allotment of the Share Acquisition Rights without contribution  
The date will be separately specified by the Resolution for Allotment of the Share Acquisition Rights Without Contribution.
- (d) Number of shares to be issued upon exercise of the Share Acquisition Rights  
As a rule, the number of shares in the Company to be issued upon exercise of one Share Acquisition Right (hereinafter referred to as the "Number of Shares Issued per Exercised Right") is one.
- (e) Value of property contributed upon exercise of the Share Acquisition Rights  
The objective of the contribution made upon exercise of the Share Acquisition Rights shall be to acquire money, and the value of the property contributed upon exercise of the Share Acquisition Rights per share in the Company shall be the amount separately determined by the Resolution for Allotment of the Share Acquisition Rights Without Contribution within the range of a minimum of one yen and a maximum of one-half of the market price of one share in the Company. The "market price" shall be separately specified by the Resolution for Allotment of the Share Acquisition Rights Without Contribution.
- (f) Exercise period of the Share Acquisition Rights  
The first day shall be separately specified by the Resolution for Allotment of the Share Acquisition Rights Without Contribution (The first day of the exercise period is hereinafter referred to as the "Start Date of the Exercise Period"), and a period that ranges from one month to six months shall be separately specified as the exercise period by the Resolution for Allotment of Share Acquisition Rights Without Contribution.
- (g) Exercise conditions of the Share Acquisition Rights  
The Share Acquisition Rights may not be exercised by (I) a specified large volume holder (Note 13.), (II) a joint holder of a specified large volume holder, (III) a specified large volume purchaser (Note 14.), (IV) a party specially related to a specified large volume purchaser, or (V) a person who has received or succeeded the Share Acquisition Rights from a person to whom any of (I) to (IV) above applies without approval from the Board of Directors of the Company, or (VI) a party affiliated with a person to whom any of (I) to (V) above applies (Note 15.) (Persons to whom any of (I) to (VI) applies are hereinafter collectively referred to as "Non-qualified Persons"), unless there are certain exceptional grounds (Note 16.).  
Non-residents who are required to follow prescribed procedures to exercise the Share Acquisition Rights under applicable foreign laws and regulations may not, in principle, exercise the Share Acquisition Rights (note that the Share Acquisition Rights held by non-residents are also subject to acquisition by the Company in exchange for the Company's shares, as described in (i)-(2) below, on condition that applicable laws and regulations are observed). Furthermore, persons who do not submit a written pledge in the format provided by the Company that contains representations and warranties stating the conditions for exercise of the Share Acquisition Rights are met, as well as indemnification and other wording for commitment, may not exercise the Share Acquisition Rights.

Note 13. In principle, this refers to a holder of share certificates, etc. issued by the Company who holds 20% or more of share certificates, etc., related to those share certificates, etc. (including those who are recognized as persons to whom this criterion applies by the Board of Directors of the Company). However, such a person shall not qualify as a specified large volume holder if the Board of Directors of the Company recognizes that acquisition and holding of share certificates, etc., of the Company by this person does not go against the corporate value of the Company or the common interests of its shareholders, or if the Board of Directors of the Company separately specifies that the person is not such a holder in the Resolution for Allotment of the Share Acquisition Rights Without Contribution. The same shall apply hereafter in this proposal.

Note 14. In principle, this refers to a person who has given a public notice of a purchase, etc. (as defined in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act; the same shall apply hereafter in this note) of share certificates, etc. (as defined in Article 27-2, paragraph (1) of the same Act; the same shall apply hereafter in this note) issued by the Company through a tender offer, and who would hold 20% or more of share certificates, etc. connected to the person's holding (including the cases prescribed in Article 7, paragraph (1) of the Order for Enforcement of the Financial Instruments and Exchange Act as equivalent thereto) after the purchase, etc., with the percentage of share certificates, etc. held by a party specially related to the person combined (including persons that the Board of Directors of the Company recognizes as one to whom these criteria apply). However, such a person shall not qualify as a

specified large volume purchaser if the Board of Directors of the Company recognizes that acquisition and holding of share certificates, etc., of the Company by this person does not go against the corporate value of the Company or the common interests of its shareholders, or if the Board of Directors of the Company separately specifies that the person is not such a purchaser in the Resolution for Allotment of the Share Acquisition Rights Without Contribution. The same shall apply hereafter in this proposal.

- Note 15. "A party affiliated with a person" refers to a party who substantively controls, is controlled by, or is under the common control with, the person (including a party who is recognized by the Board of Directors of the Company to be one to whom any of these definitions applies) or a party who is recognized by the Board of Directors of the Company as one that substantively acts in cooperation with the person. The "control" refers to one as in "if a company controls determinations on the financial and business policies" (as defined in Article 3, paragraph (3) of the Regulations for Enforcement of the Companies Act) of another company or any organization.
- Note 16. Specifically, these are the exceptional grounds planned to be specified: The Offeror and any other Non-qualified Person who have disposed of their shares in the Company may exercise the Share Acquisition Rights that will lead to the issuance of the number of shares equivalent to the number of the disposed shares, which must be less than 20% of share certificates, etc. in the following cases: (x) After the Resolution for Allotment of the Share Acquisition Rights Without Contribution, the Offeror cancels or withdraws the Purchase and pledges not to conduct any Purchase thereafter, and the Offeror and other Non-qualified Person entrust the said disposal to a securities firm approved by the Company, and (y) The Offeror holds less than 20% of share certificates, etc. as the percentage recognized by the Board of Directors of the Company (hereinafter referred to as the Percentage of Share Certificates, etc. Held by a Non-qualified Person) (note that, when the percentage of share certificates, etc. held is calculated, any Non-qualified Persons other than the Offeror and a joint holder thereof shall also be deemed as a joint holder of the Offeror, and that the calculation excludes the Share Acquisition Rights held by a Non-qualified Person that do not fulfill the exercise conditions). Conditions and procedures for exercise of the Share Acquisition Rights by the Non-qualified Person shall be separately specified by a Resolution for Allotment of the Share Acquisition Rights Without Contribution or by the Board of Directors of the Company.

(h) Transfer of the Share Acquisition Rights

Any acquisition of the Share Acquisition Rights by transfer requires approval from the Board of Directors of the Company.

(i) Acquisition of the Share Acquisition Rights by the Company

- (1) If the Board of Directors of the Company recognizes it to be appropriate for the Company to acquire the Share Acquisition Rights at any time up to the day before the Start Date of the Exercise Period, the Company may acquire all the Share Acquisition Rights without contribution on a date separately determined by the Board of Directors of the Company in accordance with the provision specified by a Resolution for Allotment of the Share Acquisition Rights Without Contribution.
- (2) On a date separately specified by the Board of Directors of the Company, the Company may acquire all of the Share Acquisition Rights held by persons other than Non-qualified Persons that have not been exercised by the day immediately preceding the date determined by the Board of Directors of the Company and, in exchange, deliver the number of shares in the Company that is equivalent to the Number of Shares Issued per Exercised Right, for each Share Acquisition Right.

In addition, if, after the date of such acquisition, the Board of Directors of the Company recognizes the existence of any person (other than Non-qualified Persons) holding the Share Acquisition Rights, the Company may, on a date determined by the Board of Directors of the Company after the date of the aforementioned acquisition, acquire all of the Share Acquisition Rights held by such a person that have not been exercised by the day preceding the date determined by the Board of Directors of the Company, and, in exchange, deliver the number of shares in the Company that is equivalent to the Number of Shares Issued per Exercised Right, per Share Acquisition Right. The same shall apply thereafter.

(j) Delivery of share acquisition rights in the cases of merger, absorption-type company split, incorporation-type company split, share exchange, and share transfer

The delivery shall be separately specified by a Resolution for Allotment of the Share Acquisition Rights Without Contribution.

(k) Issuance of share acquisition right certificates

Share acquisition right certificates related to the Share Acquisition Rights are not issued.

(l) Other

Other than the above, details of the Share Acquisition Rights shall be separately specified by a Resolution for Allotment of the Share Acquisition Rights Without Contribution.

(4) Effective period, abolishment and revision of the Plan

The Plan shall be effective from the conclusion of this General Meeting until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within three years after the conclusion of this General Meeting. Note that, if the Board of Directors of the Company resolves to abolish the Plan, the Plan shall be abolished in accordance with the resolution, even before the end of the effective period.

Furthermore, even during the effective period of the Plan, the Board of Directors of the Company may amend or revise the Plan, with the approval from the Independent Committee, if it is not contrary to the intent of the adoption of the Plan, including cases where laws and regulations related to the Plan and/or rules and policies of the relevant financial instruments exchange are newly established, revised or abolished, and it is appropriate to reflect such establishment, revision, or abolition; cases where it is appropriate to amend words or phrases for reasons such as typographical errors or omissions; and/or cases where the Company's shareholders are not disadvantaged.

In the event of the abolition, amendment or revision of the Plan, the Company promptly discloses, if necessary, the fact of such abolition, amendment or revision, and (in the case of amendment or revision) the details of such amendment or revision and other matters.

(5) Amendment due to the revision of laws and regulations

The provisions of the laws and regulations cited in the Plan postulate the provisions that are in effect on May 12, 2023. If any laws and regulations are newly established, revised or abolished on or after the date, creating the need to amend the provisions or the meaning of terms set forth in the above paragraphs, the wording in the provisions or the meaning of terms set forth in the above paragraphs may suitably be changed within a reasonable range, considering the purpose of the establishment, revision or abolishment.

3. Impact on Shareholders and Investors

(1) Impact of the adoption of the Plan on shareholders and investors

The adoption of the Plan in itself does not lead to the implementation of Countermeasures that include the allotment of the Share Acquisition Rights without contribution. Hence, it will have no direct and specific impact on shareholders or investors.

(2) Impact on shareholders and investors at the time of allotment of the Share Acquisition Rights without contribution

(a) Procedure for allotment of the Share Acquisition Rights without contribution

If the Board of Directors of the Company passes a Resolution for Allotment of the Share Acquisition Rights Without Contribution, the Resolution will specify the Allotment Date, which will be announced in a public notice. In this case, one Share Acquisition Right is allotted to Shareholders Entitled to Allotment without contribution for each share in the Company they hold. Shareholders Entitled to Allotment automatically become share acquisition right holders related to the Share Acquisition Rights on the effective date of the allotment of the Share Acquisition Rights without contribution, and thus they are not required to take any action to complete the procedure for requesting the allotment. Furthermore, even if a Resolution for Allotment of the Share Acquisition Rights Without Contribution is adopted, the Company, honoring to the fullest extent the advice from the Independent Committee stated above in (e) under 2. (1) "Procedures for invoking the Plan," may cancel the allotment of the Share Acquisition Rights without contribution if the advice is given by two business days before the ex-rights date for the allotment of the Share Acquisition Rights without contribution. Or, from the effective date of the allotment of the Share Acquisition Rights without contribution to one day before the Start Date of the Exercise Period, the Company may acquire all the Share Acquisition Rights without contribution. In these cases, the value per share in the Company will not be diluted. This means that investors who trade their shares in the Company on the assumption that the value will be diluted may suffer corresponding damage because of share price fluctuations.

(b) Procedure for exercising the Share Acquisition Rights

As a rule, the Company sends Shareholders Entitled to Allotment a document that must be completed and submitted before exercising the Share Acquisition Rights (which shall be in the format provided by the Company to be filled out with details including the description and number of the Share Acquisition Rights to exercise, the date the Share Acquisition Rights are to be exercised, required items such as information necessary for a bank

transfer to the account of each Shareholder Entitled to Allotment of shares in the Company, along with representations and warranties stating the conditions for exercise of the Share Acquisition Rights are met by the shareholders, and indemnification and other wording for commitment) and other documents. After the Share Acquisition Rights are allotted without contribution, shareholders submit these required documents during the exercise period for the Share Acquisition Rights. Then, as a rule, they make a payment that is equivalent to the exercise value specified by the Resolution for Allotment of the Share Acquisition Rights Without Contribution by a given means. This amount of payment ranges from a minimum of one yen per Share Acquisition Right to a maximum of one-half of the market price of one share in the Company. After the payment, one share in the Company is issued for each Share Acquisition Right, in principle. The exercise of the Share Acquisition Rights by a Non-qualified Person shall follow the rules separately specified by the Company in accordance with the purport of (g) under 2. (3) “Summary of allotment of the Share Acquisition Rights without contribution” above. If shareholders do not exercise their Share Acquisition Rights and make the payment equivalent to the exercise value, the shares in the Company they hold will be diluted by the exercise of the Share Acquisition Rights by other shareholders.

Note that the Company may acquire the Share Acquisition Rights from shareholders (other than Non-qualified Persons) to deliver shares in the Company in exchange for these acquired Rights in accordance with the descriptions in (c) below. As a rule, if the Company undertakes the procedure for this acquisition, shareholders (other than Non-qualified Persons) will receive shares in the Company without exercising their Share Acquisition Rights and making the payment that is equivalent to the exercise value, and the shares in the Company they hold will not be diluted, in principle.

(c) Procedure for acquisition of the Share Acquisition Rights by the Company

If the Board of Directors of the Company decides to acquire the Share Acquisition Rights, the Company may follow the legal procedure to acquire the Share Acquisition Rights from shareholders (other than Non-qualified Persons) and deliver shares in the Company, in principle, in exchange for the acquired Rights on a date separately specified by the Board of Directors of the Company. In this case, these shareholders will, as a rule, receive one share in the Company for each Share Acquisition Right as a consideration for the Share Acquisition Rights acquired by the Company, without making a payment that is equivalent to the exercise value. Note that, in this case, these shareholders may be separately required to submit information necessary for a bank transfer to the account of each Shareholder Entitled to Allotment of shares in the Company, together with a written pledge in the format provided by the Company that contains representations and warranties stating that the shareholder is not a Non-qualified Person, and indemnification and other wording for commitment.

Other than the above, in regard to details about how the Share Acquisition Rights are allotted and exercised, and how they are acquired by the Company, if the Share Acquisition Rights are allotted without contribution, we will disclose information or send a notice to shareholders after the decision is made by a Resolution for Allotment of the Share Acquisition Rights Without Contribution. Please read the details of the information or notice if you receive one.



## Summary of the Rules of the Independent Committee

- The Independent Committee is established by a resolution of the Board of Directors of the Company.
- The Independent Committee shall consist of at least three members, who are independent of the Company's management team that executes the Company's business operations. The Board of Directors of the Company appoints the Committee members from among (i) the Company's Outside Directors or (ii) outside experts. Note that these experts must be experienced corporate managers, persons from a government agency, persons familiar with investment banking or the Company's business areas, lawyers, certified public accountants, or researchers or any equivalents whose main research subject is the Companies Act or other relevant laws, and must enter into an agreement with the Company that contains a provision on the duty of due care of a prudent manager or any other relevant provisions. The agreement is separately designated by the Board of Directors of the Company.
- The term of office of the Independent Committee members shall begin at the conclusion of this General Meeting and expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within three years after the conclusion of this General Meeting. Note that this shall not apply if otherwise determined by a resolution of the Board of Directors of the Company. If a member of the Independent Committee who is an Outside Director of the Company ceases to be a Director of the Company (except in the case of reappointment), his/her term of office as a member of the Independent Committee shall also end at the same time.
- The Independent Committee may decide on the matters described in the items below and provide the decision and the reason for it to the Board of Directors of the Company as its advice. The Board of Directors of the Company promptly adopts a resolution as an organ that abides by the Companies Act, honoring the advice from the Independent Committee to the fullest extent (note that, if a General Meeting to Confirm the Will of Shareholders is held, the Board abides by a resolution passed by this General Meeting). When making a decision on any of these matters, members of the Independent Committee are required to base their decision solely on whether it will contribute to the corporate value of the Company and the common interests of shareholders. They must not make any decision that is meant to serve their personal interests or those of the management team of the Company.
  - (i) Whether or not to allot the Share Acquisition Rights without contribution or take other measures that are allowed under the laws and regulations and the Articles of Incorporation of the Company
  - (ii) Confirmation of the will of shareholders regarding a Purchase by an Offeror
  - (iii) Cancellation of allotment of the Share Acquisition Rights without contribution or acquisition of the Share Acquisition Rights without contribution
  - (iv) Decision as to whether a Purchase is subject to the Plan
  - (v) Decision as to which information an Offeror and the Board of Directors of the Company should provide to the Independent Committee, and the deadline for the provision
  - (vi) Examination and review of details of a Purchase by an Offeror
  - (vii) Discussions and negotiations with an Offeror
  - (viii) Request for submission of an alternative proposal by the Board of Directors of the Company; review of an alternative proposal
  - (ix) Decision to extend the Independent Committee Review Period
  - (x) Decision as to whether a General Meeting to Confirm the Will of Shareholders should be convened; decision on the objectives of the General Meeting if it is to be convened
  - (xi) Approval pertaining to amendment or revision of the Plan
  - (xii) Matters that the Plan specifies that the Independent Committee may do
  - (xiii) Matters on which the Board of Directors of the Company may separately consult the Independent Committee, or matters that the Independent Committee may separately do
- To collect necessary information, the Independent Committee may request the attendance of Directors, Audit & Supervisory Board Members, Executive Officers, and/or employees of the Company or its Group companies, and/or any persons whom the Independent Committee recognizes to be necessary, so that the Committee may ask them to provide an explanation about a matter on which the Committee needs clarification.
- The Independent Committee may receive advice from experts (including financial advisors, certified public accountants, lawyers, tax accountants, consultants, and other relevant experts), among others, at the expense of the Company.
- Members of the Independent Committee may call for an Independent Committee meeting if a Purchase is done, or any time as needed.
- As a rule, a resolution of the Independent Committee is adopted by a simple majority at a meeting attended by the majority of the Independent Committee members (including those who attend by phone or video).

## Independent Committee Members - Career Summaries

The following four are scheduled to become members of the Independent Committee when the Plan continues.

Name (Date of Birth)	Career Summary	
Naruhiko Takatsuji (October 4, 1977)	Apr. 2000	Joined the Ministry of Economy, Trade and Industry
	June 2007	Joined M&A Advisory Services Department of Sumitomo Mitsui Banking Corporation
	July 2009	Analyst at Toward the Infinite World, Inc.
	June 2011	In Charge of Public Relations and IR of General Administration Department of Nabtesco Corporation
	Jan. 2013	Senior Analyst at Analysis Team of Uzabase, Inc.
	May 2014	Senior Analyst at Ichiyoshi Securities Co., Ltd. (Seconded to ICHIYOSHI RESEARCH INSTITUTE INC.)
	July 2020	Senior Economist and Senior Analyst at Information Distribution Section of FISCO Ltd.
	Apr. 2021	Part-time Lecturer at Department of Business Law, Graduate School of Law, Aoyama Gakuin University
	Apr. 2021	Visiting Researcher at Tama University Center for Social Investment (incumbent)
	June 2021	Outside Director of the Company (incumbent)
	June 2021	Outside Director (Audit and Supervisory Committee Member) of YAMASHIN-FILTER CORP. (incumbent)
	Jan. 2022	Visiting Professor of Professional University of Information and Management for Innovation (incumbent)
	Feb. 2022	Founded Japan Governance & Valuation Institute, Director and Economic Analyst (incumbent)
	Apr. 2022	Part-time Lecturer at Faculty of Liberal Arts and Sciences, Tokyo City University (incumbent)
June 2022	Chairperson of the Board of Directors of the Company (incumbent)	
June 2022	Outside Director of NITTOKU CO., LTD. (incumbent)	
Tomoo Suzuki (January 31, 1958)	Apr. 1982	Joined NEC Corporation
	Oct. 2003	General Manager of Accounting Department of Personal Solution Planning Headquarters of NEC Corporation
	July 2008	Seconded to NEC TOSHIBA Space Systems, Ltd. as Supervisory Manager and General Manager of Business Planning Department
	Oct. 2011	General Manager of Management Planning Department of NEC TOSHIBA Space Systems, Ltd.
	June 2012	Full-time Audit & Supervisory Board Member of Nippon Avionics Co., Ltd.
	June 2020	Advisor of Nippon Avionics Co., Ltd.
	June 2021	Outside Director (Audit and Supervisory Committee Member) of the Company (incumbent)

Name (Date of Birth)	Career Summary	
Mariko Ohsato (April 22, 1963)	Apr. 1986 June 1992 Sep. 1992 June 1997 July 2005 June 2016 Apr. 2018 Apr. 2019 Sep. 2020 Nov. 2021 June 2022	Joined IBM Japan Ltd Earned Master of Business Administration (MBA) from Kellogg School of Management, Northwestern University Joined Uniden Corporation (currently Uniden Holdings Corporation) Director of IDS Corporation Established Arc Communications Inc., Representative Director (incumbent) Director of Public Relations Society of Japan (incumbent) Part-time Lecturer at Department of Sport Sciences, Waseda University Vice President of Japan Orienteering Association (incumbent) Outside Director of Uniden Holdings Corporation Outside Director (Audit and Supervisory Committee Member) of Uniden Holdings Corporation Outside Director of the Company (incumbent)
Chie Tabata (July 19, 1975)	Apr. 1998 Dec. 2009 Jan. 2010 June 2015 June 2016 Nov. 2021 Feb. 2022 Nov. 2022 June 2023	Joined Merrill Lynch Japan Securities Co., Ltd. Registered as an attorney at law Joined Hayabusa Asuka Law Offices Joined Atsumi & Sakai Outside Audit & Supervisory Board Member of C'BON COSMETICS Co., Ltd. Joined the Law Office of Yohei Suda Partner of Tsubame Law Offices (incumbent) Outside Director (Audit and Supervisory committee member) of Francfranc Corporation (incumbent) Outside Director (Audit and Supervisory Committee Member) of the Company (planned)

Note 1. There is no business relationship or special interest between these four prospective members and the Company.

Note 2. The Company has notified the Tokyo Stock Exchange (TSE) of Mr. Takatsuji, Mr. Suzuki, and Ms. Ohsato as independent officers in accordance with the rule specified by the TSE.

Note 3. The Company plans to appoint Ms. Tabata as Outside Director who is an Audit and Supervisory Committee Member at this General Meeting of Shareholders. Moreover, Ms. Tabata satisfies the "Independence Criteria for Outside Directors" stipulated by the Company, and the Company will notify the TSE of Ms. Tabata as an independent officer in accordance with the rule specified by the TSE.