

**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.**

Stock Code: 4116

June 6, 2023

(Start date of measures for electronic provision: June 6, 2023)

To our shareholders:

**Koji Takahashi**  
Representative Director and President  
**Dainichiseika Color & Chemicals Mfg. Co., Ltd.**  
1-7-6 Nihonbashi Bakuro-cho, Chuo-ku, Tokyo

## Notice of the 120th Annual General Meeting of Shareholders

We are pleased to announce the 120th Annual General Meeting of Shareholders of Dainichiseika Color & Chemicals Mfg. Co., Ltd. (the “Company”), which will be held as indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the following websites. Please access one of these websites by using the internet address shown below to review the information.

[The Company’s website]

<https://www.daicolor.co.jp/ir/stock/meeting/index.html>

[Website for informational materials for the general meeting of shareholders]

<https://d.sokai.jp/4116/teiji/>

[Tokyo Stock Exchange website (Listed Company Search)]

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

(Access the TSE website by using the internet address shown above, enter “Dainichiseika” in “Issue name (company name)” or the Company’s securities code “4116” 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].”)

Note that instead of attending in person on the day of the meeting, your voting rights can be exercised in writing or via the internet, etc. In this case, please review the subsequent Reference Documents for General Meeting of Shareholders, refer to Information on Exercising Voting Rights, and exercise your voting rights by **5:30 p.m. on Wednesday, June 28, 2023 (JST)**.

[If you exercise your voting rights in writing]

Please indicate your approval or disapproval on the enclosed voting form and return it to us so that it arrives by the deadline for exercising your voting rights mentioned above. If you do not indicate your approval or disapproval of any of the proposals on the enclosed voting form, it will be treated as if you had indicated your approval of the proposals.

[If you exercise your voting rights by electromagnetic means (via the Internet)]

Please read the Information on Exercising Voting Rights on pages 6 to 7 (in Japanese only), exercise your voting rights by Smart Voting or access the voting website designated by the Company (<https://soukai.mizuho-tb.co.jp/>) and enter your approval or disapproval of the proposals by the deadline for exercising your voting rights as stated above.

<b>1. Date and Time:</b> Thursday, June 29, 2023, at 10:00 a.m. (Reception will start at 9:00 a.m.)
<b>2. Venue:</b> 9F SAIHO, Head Office Building of the Company 1-7-6 Nihonbashi Bakuro-cho, Chuo-ku, Tokyo
<b>3. Purpose of the Meeting</b>
<p><b>Matters to be reported</b></p> <ol style="list-style-type: none"> <li>1. Reports on the Business Report and the Consolidated Financial Statements for the 120th fiscal year (from April 1, 2022 to March 31, 2023) and the Audit Reports of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Board</li> <li>2. Reports on the Nonconsolidated Financial Statements for the 120th fiscal year (from April 1, 2022 to March 31, 2023)</li> </ol>
<p><b>Matters to be resolved</b></p> <p><b>Proposal No. 1:</b> Appropriation of Surplus</p> <p><b>Proposal No. 2:</b> Election of Eight (8) Directors of the Board</p> <p><b>Proposal No. 3:</b> Election of Three (3) Audit &amp; Supervisory Board Members</p> <p><b>Proposal No. 4:</b> Election of One (1) Substitute Audit &amp; Supervisory Board Member</p> <p><b>Proposal No. 5:</b> Continuation of Countermeasures (Takeover Defense Measures) Against Large-Scale Purchases of the Company's Shares</p>

#### Notes

1. If you are attending on the day of the meeting, please present the enclosed voting form to the receptionist at the meeting.
2. If you exercise your voting rights both via the Internet and in writing, the vote exercised via the Internet, etc. shall be deemed valid. If you exercise your voting rights more than once via the Internet, etc., the last exercise shall be deemed valid.
3. Under the amendment to the Companies Act, only shareholders who have accessed the websites listed to confirm the matters subject to measures for electronic provision are to be taken and have made a written request by the record date will receive a written notice of the matters subject to measures for electronic provision, but at this General Meeting of Shareholders, regardless of whether or not a written request has been made, the Company will uniformly send a written notice of the matters subject to measures for electronic provision to all shareholders.
4. Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15, paragraph 2 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders.
  - Business Report: System to Ensure the Properness of Operations and the Operational Status of the System, Basic Policy Regarding Control of the Company, and Policy on Decisions on Dividends and Other Appropriation of Surplus
  - Consolidated Financial Statements: Consolidated Statements of Changes in Equity, Notes to Consolidated Financial Statements
  - Non-Consolidated Financial Statements: Non-Consolidated Statements of Changes in Equity, Notes to Nonconsolidated Financial Statements

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements included in this document are a part of the target documents that were audited by the Financial Auditor in preparing the financial audit report and by the Audit & Supervisory Board Members in preparing their audit report.
5. In the event of any modifications to the matters subject to measures for electronic provision, a notice will be posted on each of the websites where the information is posted, as well as the information before and after the modifications.

#### Notice regarding the acceptance of questions in advance

We are accepting questions from shareholders in advance of the 120th Annual General Meeting of Shareholders on our website.

Reception period: Tuesday, June 6, 2023, 9:00 a.m. to Thursday, June 22, 2023, 5:30 p.m.

URL for advance questions: <https://www.daicolor.co.jp/inquiry/agm/e/>

- Only shareholders may ask questions.
- Questions are limited to two (2) and must be related to the purpose of the General Meeting of Shareholders.
- Please remember to enter the shareholder's name and number so that we can check you against the shareholder register.
- Answers to the questions that we believe will be of interest to our shareholders will be posted on our website after the General Meeting of Shareholders.
- Please note that we do not promise to answer all the questions we receive.
- Please also note that we will not be able to provide individual responses to questions that have not been answered.
- We will consider these questions as valuable opinions for future reference.

#### Information about later distribution

A copy of some of the materials to be used at the General Meeting of Shareholders will be distributed on Friday, June 30, 2023, at 10:00 a.m.

Please visit our website (<https://www.daicolor.co.jp/ir/stock/meeting/index.html>), for using this service.

## **Reference Documents for the General Meeting of Shareholders**

Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

### **Year-end dividends**

The Company, based on the perspective of sustainable growth and enhancement of medium- to long-term corporate values, makes it a principle to continuously pursue a dividend policy in which the return of profits to shareholders is regarded as an important management priority, yet with broader consideration to matters such as business development in the future, reinforcement of its operating basis, and enrichment of internal reserves.

Accordingly, the Company proposes to pay a year-end dividend for the fiscal year as follows:

### **Type of dividend property**

Cash

### **Allotment of dividend property to shareholders and total amount of dividend**

¥40 per common stock of the Company (Total amount of dividend: ¥739,643,200).

As the Company has already paid an interim dividend of ¥40 per share, the annual dividend will be ¥80.

### **Effective date of dividends of surplus**

June 30, 2023

Proposal No. 2: Election of Eight (8) Directors of the Board

The terms of office of all eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders.

In that regard, the Company proposes the election of eight (8) Directors including three (3) outside Directors to ensure management transparency and further enhance the corporate governance system.

The candidates for Director are as follows:

Candidate No.	Name	(Age)	Electoral status	Current position and responsibility in the Company	Status of attendance at Meetings of Board of Directors
1	<b>Koji Takahashi</b>	(62)	[Reelection]	Representative Director and President Office of the President, Secretarial Office, Internal Audits Division, and CSR/ESG Promote Group Headquarters Administrator Chief Information Security Officer	100% (13/13)
2	<b>Yoshitaka Koshiro</b>	(69)	[Reelection]	Representative Senior Executive Director Head of R&D Structure	100% (13/13)
3	<b>Masahiko Aoba</b>	(59)	[Reelection]	Director Head of Plant Operation Structure Plant Operations Headquarters, Tokyo, Osaka, Tokai, Kawaguchi, and Bando Production Plants, Sakura Production Plant (UKIMA Chemicals & Color Mfg. Co., Ltd.), Composite Plant Engineering & Planning Division Administrator	100% (13/13)
4	<b>Osamu Takeda</b>	(64)	[New election]	Senior Managing Executive Officer Business Structure Administrator In charge of Plastic Colors No. 2 Division, Coating Material Division, Gravure Inks Division, Advanced Polymers Division Administrator	–
5	<b>Koji Sato</b>	(62)	[New election]	Executive Officer Assistant to Head of Business Promotion Structure	–
6	<b>Yoshiaki Nakagawa</b>	(68)	[Reelection] [Outside] [Independent]	Outside Director	100% (13/13)
7	<b>Akiko Nagahama</b>	(46)	[Reelection] [Outside] [Independent]	Outside Director	100% (13/13)
8	<b>Susumu Kawase</b>	(75)	[Reelection] [Outside] [Independent]	Outside Director	100% (10/10)

[Reelection] Candidate for reelection as Director

[New election] New candidate for Director

[Outside] Candidate for outside Director

[Independent] Candidate for independent officer

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;"><b>Koji Takahashi</b> (April 30, 1961) (62 full years of age)</p> <p style="text-align: center;">[Reelection]</p> <p style="text-align: center;">Period served as Director 25 years</p> <p>Status of attendance at Meetings of Board of Directors 100% (13/13)</p>	<p>July 1993      Joined the Company</p> <p>June 1998      Director</p> <p>June 2000      Executive Managing Director</p> <p>July 2009      Director and Senior Executive Vice-President</p> <p>June 2011      Representative Director and President (Current)</p> <p>June 2014      Office of the President Administrator (Current) Secretarial Office Administrator (Current) Internal Audits Division Administrator (Current) Corporate Product Planning &amp; Control Division Administrator</p> <p>Apr. 2018      Specific Project Promoting Division Administrator</p> <p>Apr. 2019      Business Operations Promotion Office Administrator Environmental Health &amp; Safety Supervisory Office Administrator Quality Products Supervisory Office Administrator</p> <p>June 2020      Group CSR&amp; Risk Management Headquarters (currently CSR/ESG Promote Group Headquarters) Administrator (Current) Chief Information Security Officer (Current)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President of DSF Co., Ltd.</p>	52,808 shares
<p><b>Reason for election</b></p> <p>Koji Takahashi has gained a wealth of practical experience and possesses detailed knowledge of operations in general through his involvement in operations pertaining to general company business as a member of the Company Group (the "Group"). As he can be sufficiently expected to strengthen the decision-making functions of the Company's Board of Directors and the effectiveness of its supervisory functions by fully leveraging that knowledge and experience at meetings of the Board of Directors, the Company requests that he be reelected as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p><b>Yoshitaka Koshiro</b> (November 29, 1953) (69 full years of age)</p> <p>[Reelection]</p> <p>Period served as Director 7 years</p> <p>Status of attendance at Meetings of Board of Directors 100% (13/13)</p>	<p>Apr. 1979      Joined the Company</p> <p>Apr. 2015      Executive Officer</p> <p>Apr. 2016      Senior Executive Officer</p> <p>June 2016      Director Head of R&amp;D Structure (Current) Technical Coordination Division Administrator Fundamental Technology Research Division Administrator New Business Development Division Administrator</p> <p>Apr. 2017      Organic Synthesis Research Division Administrator Application Research Division Administrator</p> <p>June 2020      Managing Director</p> <p>June 2021      Representative Executive Director</p> <p>June 2022      Representative Senior Executive Director (Current)</p>	5,653 shares
<p><b>Reason for election</b></p> <p>Yoshitaka Koshiro has abundant business experience, including experience as a Director in charge of research divisions that support the Company's products, and is well versed in all aspects of business operations, not to mention technology-related operations as a member of the Group.</p> <p>As he can be sufficiently expected to strengthen the decision-making functions of the Company's Board of Directors and the effectiveness of its supervisory functions based on the delegation of R&amp;D Structure Head duties to him and his leverage of that knowledge and experience at meetings of the Board of Directors, the Company requests that he be reelected as a Director.</p>			
3	<p><b>Masahiko Aoba</b> (September 5, 1963) (59 full years of age)</p> <p>[Reelection]</p> <p>Period served as Director 2 years</p> <p>Status of attendance at Meetings of Board of Directors 100% (13/13)</p>	<p>Apr. 1988      Joined the Company</p> <p>Apr. 2019      Executive Officer</p> <p>June 2020      Managing Executive Officer Plant Operation Structure Administrator Plant Operation Headquarters Administrator (Current) Production Plants Administrator Composite Plant Engineering &amp; Planning Division Administrator (Current)</p> <p>June 2021      Director (Current) Head of Plant Operation Structure (Current) Administrator of Tokyo, Osaka, Tokai, Kawaguchi, Bando and Sakura Production Plants (UKIMA Chemicals &amp; Color Mfg. Co., Ltd.) (Current)</p>	3,472 shares
<p><b>Reason for election</b></p> <p>Masahiko Aoba is well versed in all aspects of operations, not to mention those related to production activities, due to his management skills cultivated through his overseas assignments in pigment manufacturing and his wealth of operational experience accumulated through serving as Plant General Manager of our main plants, Tokai Production Plant (Iwata-shi, Shizuoka), Tokyo Production Plant (Adachi-ku, Tokyo), and Bando Production Plant (Bando-shi, Ibaraki) as a member of the Group.</p> <p>As he can be sufficiently expected to strengthen the decision-making functions of the Company's Board of Directors and the effectiveness of its supervisory functions based on the delegation of Plant Operations Structure Head duties to him and his leverage of that knowledge and experience at meetings of the Board of Directors, the Company requests that he be reelected as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p><b>Osamu Takeda</b> (November 19, 1958) (64 full years of age)</p> <p>[New election]</p>	<p>Apr. 1981      Joined the Company</p> <p>Apr. 2016      Executive Officer</p> <p>June 2020      Managing Executive Officer Business Structure Administrator (Current) Plastic Colors No. 2 Division Administrator (Current) Coating Material Division Administrator (Current) Advanced Polymers Division Administrator (Current)</p> <p>June 2021      Gravure Inks Division Administrator (Current)</p> <p>June 2022      Senior Managing Executive Officer (Current)</p>	3,039 shares
		<p><b>Reason for election</b></p> <p>Osamu Takeda has served as Advanced Polymers Division Administrator and Gravure Inks Division Administrator, and as a Managing Executive Officer and Senior Managing Executive Officer, he has been in charge of major business divisions within the business organization, and has a wealth of experience and a thorough understanding of all business operations as a member of the Group.</p> <p>As he can be sufficiently expected to strengthen the decision-making functions of the Company's Board of Directors and the effectiveness of its supervisory functions based on the delegation of Business Structure Head duties to him and his leverage of that knowledge and experience at meetings of the Board of Directors, the Company requests that he be newly elected as a Director candidate.</p>	
5	<p><b>Koji Sato</b> (February 7, 1961) (62 full years of age)</p> <p>[New election]</p>	<p>Apr. 1985      Joined the Company</p> <p>Apr. 2014      General Manager of Plastic Colors No. 2 Division</p> <p>Apr. 2019      Executive Officer (Current)</p> <p>Apr. 2022      Assistant to Head of Business Promotion Structure (Current)</p>	2,020 shares
		<p><b>Reason for election</b></p> <p>Koji Sato has abundant business experience, including matters related to general affairs and human resources within the division, and is well versed in all aspects of the business, having worked at our subsidiary Daicolor Shanghai Mfg. Co., Ltd. and served as General Manager of Plastic Colors No. 2 Division as a member of the Group.</p> <p>As he can be sufficiently expected to strengthen the decision-making functions of the Company's Board of Directors and the effectiveness of its supervisory functions based on the delegation of Business Promotion Structure Head duties to him and his leverage of that knowledge and experience at meetings of the Board of Directors, the Company requests that he be newly elected as a Director candidate.</p>	



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p style="text-align: center;"><b>Yoshiaki Nakagawa</b> (February 2, 1955) (68 full years of age)</p> <p style="text-align: center;">[Reelection] [Outside] [Independent]</p> <p style="text-align: center;">Period served as Director 2 years</p> <p>Status of attendance at Meetings of Board of Directors 100% (13/13)</p>	<p>Apr. 1978      Joined Japan Ground Self Defense Force (GSDF), Defense Agency (currently Ministry of Defense)</p> <p>Dec. 2000      Director of OBIHIRO Prefectural Liaison Office, GSDF</p> <p>Mar. 2002      Chief of Career Transition Division, Personnel Department, Ground Staff Office</p> <p>Mar. 2004      Deputy Chief of Staff of Northern Army HQ (Sapporo)</p> <p>Mar. 2006      Director of Public Affairs, Joint Staff Office</p> <p>July 2007      Chief of Staff of Middle Army HQ and Commander of Itami Station</p> <p>Dec. 2009      Commanding General of 1st Division (Nerima)</p> <p>Apr. 2011      Commanding General of GSDF Research &amp; Development Command</p> <p>Aug. 2013      Resigned from GSDF</p> <p>Nov. 2013      Advisor of Komatsu Ltd.</p> <p>Feb. 2020      Resigned from Komatsu Ltd.</p> <p>Apr. 2020      Advisor of DENKOSHA Corporation (Current)</p> <p>June 2021      Outside Director of the Company (Current)</p>	0 shares
<p><b>Reason for election and overview of expected roles</b></p> <p>The Company has judged that given Yoshiaki Nakagawa's wealth of experience and broad insight, the product of engaging in organizational operation and management for several years as a Japan Ground Self-Defense Force general officer coupled with the leverage of that experienced in his service as an advisor to an operating company, he can be expected to provide useful advice on corporate activities of the Group, including its organizational operation and corporate governance, from an extensive and advance perspective, and requests that he be once again elected as an outside Director. Although he has served as an advisor to Komatsu Ltd. and is currently an advisor to DENKOSHA Corporation, there are no specific transactions between these companies and the Group. If he is elected, he will be primarily involved in an independent and objective capacity as chairperson of the Nomination and Remuneration Committee, which has been established with the aim of enhancing the fairness, transparency, and objectivity of the procedures for the nomination and remuneration of Directors and Executive Officers with Title of Responsibility. He has never been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p><b>Akiko Nagahama</b> (September 30, 1976) (46 full years of age)</p> <p>[Reelection] [Outside] [Independent]</p> <p>Period served as Director 2 years</p> <p>Status of attendance at Meetings of Board of Directors 100% (13/13)</p>	<p>Nov. 2005 Passed the National Law Examination in Japan</p> <p>Dec. 2007 Graduated from the Legal Training and Research Institute of the Supreme Court of Japan Registered as an attorney-at-law with the Tokyo Bar Association</p> <p>Joined Law Office of Yamaguchi, Nagahama &amp; Mizuno (currently Law office of Nagahama, Mizuno &amp; Inoue) (Current)</p> <p>June 2021 Outside Director of the Company (Current)</p> <p>June 2022 Outside Auditor of NOHMI BOSAI LTD. (Current)</p> <p>[Significant concurrent positions outside the Company] Outside Auditor of NOHMI BOSAI LTD.</p>	0 shares
<p><b>Reason for election and overview of expected roles</b></p> <p>The Company has judged that given Akiko Nagahama's specialized knowledge and experience as an attorney, particularly her strong familiarity with compliance and corporate legal affairs in general, she can be expected to contribute to the strengthening of legal risk management and corporate governance in the Group, and requests that she be once again elected as an outside Director. Although the Group may seek legal advice from Law office of Nagahama, Mizuno &amp; Inoue, with which she is affiliated, but the amount of compensation is minimal. There are no specific transactions between NOHMI BOSAI LTD., for which she serves as an Outside Auditor, and the Group. If she is elected, she will be primarily involved in an independent and objective capacity as a member of the Nomination and Remuneration Committee, which has been established with the aim of enhancing the fairness, transparency, and objectivity of the procedures for the nomination and remuneration of Directors and Executive Officers with Title of Responsibility.</p> <p>She has never been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as an outside Director based on the above reasons.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8	<p style="text-align: center;"><b>Susumu Kawase</b> (February 7, 1948) (75 full years of age)</p> <p style="text-align: center;">[Reelection] [Outside] [Independent]</p> <p style="text-align: center;">Period served as Director 1 year</p> <p style="text-align: center;">Status of attendance at Meetings of Board of Directors 100% (10/10)</p>	<p>Apr. 1978      Joined Soken Chemical &amp; Engineering Co., Ltd.</p> <p>June 2001      Director, Head of R&amp;D Center</p> <p>June 2005      Managing Director, Head of R&amp;D Center</p> <p>Oct. 2005      Managing Director</p> <p>Apr. 2007      Managing Director, Business Manager of Sayama Plant</p> <p>June 2008      Director, Executive Vice President and Business Manager of Sayama Plant</p> <p>Apr. 2010      Director, Executive Vice-President</p> <p>June 2011      Executive Advisor</p> <p>June 2013      Resigned from Soken Chemical &amp; Engineering Co., Ltd.</p> <p>Apr. 2014      Co-Manager of Senior Chemical Engineers Network, Center for Academia-industry Exchange, the Society of Chemical Engineers, Japan (Current)</p> <p>June 2022      Outside Director of the Company (Current)</p> <p>[Significant concurrent positions outside the Company] Co-Manager of Senior Chemical Engineers Network, Center for Academia-industry Exchange, the Society of Chemical Engineers, Japan</p>	0 shares
<p><b>Reason for election and overview of expected roles</b></p> <p>Susumu Kawase has served as Vice President of Soken Chemical &amp; Engineering Co., Ltd. The Company has judged that he can be expected to facilitate the further strengthening and enhancement of the Company's management framework, including the strengthening of the supervisory functions of the Board of Directors. Since he has served as the company's R&amp;D Center Managing Director and Sayama Branch Director and Vice President, expects to provide useful advice on the Group's corporate activities based on his experience and knowledge of technological development, production, etc. As such, the Company requests that he be once again elected as an outside Director. Although the Group has transactions with Soken Chemical &amp; Engineering Co., Ltd., they account for less than 2% of the Group's annual sales and are therefore minimal. If he is elected, he will be primarily involved in an independent and objective capacity as a member of the Nomination and Remuneration Committee, which has been established with the aim of enhancing the fairness, transparency, and objectivity of the procedures for the nomination and remuneration of Directors and Executive Officers with Title of Responsibility.</p>			

**<Reference> Nomination policy and election procedures for Director candidates**

The Nomination and Remuneration Committee (composed of three (3) or more directors with a majority of independent outside directors) submits a proposal to the Board of Directors for resolution after consulting and reporting in light of the below criteria regarding candidates who meet the following conditions.

1. The candidate has no interests, etc. that serve to affect the performance of his/her duties as a Director.
2. The candidate possesses considerable vitality to perform his/her duties as a Director.
3. The candidate possesses considerable personal magnetism, dignity and ethics.
4. The candidate possesses advanced management knowledge and superior levels of objective judgment capability, foresight, etc.
5. The candidate possesses other qualities sought of a Director from the standpoint of corporate governance-building.

For the nomination of outside Directors, in addition to the above policy, candidates must separately satisfy the following criteria.

1. The candidate possesses considerable insight into their particular field of origin.
2. The candidate is capable of making accurate advice and recommendations from an independent position based on the standpoints of appropriateness and adequateness upon decision-making by the Board of Directors.
3. The candidate satisfies criteria for ensuring the independence of an outside Director.

- (Notes)
1. There is no special interest between each of the candidates and the Company.
  2. Yoshiaki Nakagawa, Akiko Nagahama, and Susumu Kawase are candidates for outside Directors of the Board.
  3. The Company has submitted notification to Tokyo Stock Exchange Inc. that Yoshiaki Nakagawa, Akiko Nagahama, and Susumu Kawase have been designated as independent officers as provided for by the aforementioned exchange.
  4. Regarding limited liability contracts with outside Directors

In Article 27, paragraph 2 of the Articles of Incorporation, the Company has set forth its ability to execute contracts with outside Directors that limit their liability for the compensation for damages due to them neglecting their duties so that outside Directors can fully demonstrate the roles expected of them, and has entered into a limited liability contract with Yoshiaki Nakagawa, Akiko Nagahama, and Susumu Kawase. If the reelection of Yoshiaki Nakagawa, Akiko Nagahama, and Susumu Kawase as Directors is approved, they will continue to hold such contracts.

An outline of the content of that contract is as follows.

- (i) Should the Company incur liability for the compensation of damages due to outside Directors neglecting their duties, the Company will incur said liability to the extent of the minimum liability amount under Article 425, paragraph (1) of the Companies Act.
  - (ii) The above limit on liability shall be limited to instances where the performance of duties by outside Directors serving as the cause of said duties was with good intentions and without gross negligence.
5. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract prescribed in Article 430-3, paragraph (1) of the Companies Act with insurance companies. An overview of the content of said insurance contract is as stated on page 52 of the Business Report (in Japanese only). When the election of a Director candidate is approved, said candidate will be included among the insured under said insurance contract. Additionally, said insurance contract is scheduled to be renewed with the same content upon the next timing of renewal as well.

<Reference> Skill matrix of Directors

The skill matrix for Directors of the Company should Proposal No. 2 be approved and adopted is as follows.

Name	Position	Knowledge/Experience/Skills and Fields expected									
		Corporate management/ Business strategy/ Leadership	CSR/ESG/ Compliance	Finance/ Accounting/ Tax affairs	IT/Information systems	Personnel affairs/ Labor affairs/ Human resource development	Technological development/ Technological development management	SCM/Logistics	Industry and industry trends/ Marketing/ New businesses	Supply/ Manufacturing	Internationality/ Diversity
Koji Takahashi	Representative Director and President	•	•	•	•						•
Yoshitaka Koshiro	Representative Senior Executive Director	•	•				•			•	
Masahiko Aoba	Managing Director					•	•	•		•	•
Osamu Takeda	Managing Director	•						•	•		•
Koji Sato	Director	•		•	•	•					
Yoshiaki Nakagawa	Outside Director	•	•			•	•				•
Akiko Nagahama	Outside Director		•			•					•
Susumu Kawase	Outside Director	•	•				•		•	•	

Proposal No. 3: Election of Three (3) Audit & Supervisory Board Members

Audit & Supervisory Board Member Katsuhisa Kawada will resign at the conclusion of this General Meeting of Shareholders, and the terms of office of two (2) Audit & Supervisory Board Members, Yoshiro Gamo and Kohei Sato, will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of three (3) Audit & Supervisory Board Members.

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

Shuichi Murata is not a substitute for Katsuhisa Kawada, and his term of office will expire at the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within four (4) years after his election.

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

Candidate No.	Name	(Age)	Electoral status	Current position in the Company	Status of attendance at Meetings of Audit & Supervisory Board Member	(Reference) Status of attendance at Meetings of Board of Directors
1	<b>Yoshiro Gamo</b>	(66)	[Reelection]	Audit & Supervisory Board Member (Standing)	100% (17/17)	100% (13/13)
2	<b>Shuichi Murata</b>	(65)	[New election]	Candidate for Assistant Audit & Supervisory Board Member Internal Audits Division Senior Specialist	–	–
3	<b>Ichiro Wakabayashi</b>	(65)	[New election] [Outside] [Independent]		–	–

[Reelection] Candidate for reelection as Audit & Supervisory Board Member

[New election] Candidate for election as Audit & Supervisory Board Member

[Outside] Candidate for outside Audit & Supervisory Board Member

[Independent] Candidate for independent officer

(Reference) The Audit & Supervisory Board Member who will remain in office is as follows

Name	(Age)	Electoral status	Current position in the Company	Status of attendance at Meetings of Audit & Supervisory Board Member	(Reference) Status of attendance at Meetings of Board of Directors
<b>Hidemi Yamaguchi</b>	(69)	[Outside] [Independent]	Outside Audit & Supervisory Board Member	100% (17/17)	92% (12/13)

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p><b>Yoshiro Gamo</b> (August 27, 1956) (66 full years of age)</p> <p>[Reelection]</p> <p>Period served as Audit &amp; Supervisory Board Member 4 years</p> <p>Status of attendance at Meetings of Audit &amp; Supervisory Board Member 100% (17/17)</p>	<p>Apr. 1980      Joined the Company</p> <p>Sept. 2016    General Manager of Pigments Division</p> <p>June 2019     Audit &amp; Supervisory Board Member (Standing) (Current)</p>	3,800 shares
	<p><b>Reason for election</b></p> <p>As Yoshiro Gamo possesses a wealth of business experience and detailed knowledge of operations in general based on his experience as General Manager of Pigments Division, then at the Osaka Production Plant (Higashiosaka-shi, Osaka), and served as an assistant Audit &amp; Supervisory Board Member, and otherwise serving as a member of the Group, he can be expected to adequately perform his duties as an Audit &amp; Supervisory Board Member. The Company therefore requests that he be once again elected as an Audit &amp; Supervisory Board Member.</p>		
2	<p><b>Shuichi Murata</b> (July 16, 1957) (65 full years of age)</p> <p>[New election]</p>	<p>Apr. 1981      Joined the Company</p> <p>June 2015      Internal Audits Division (Current)</p> <p>Apr. 2016      Senior Specialist (Current)</p> <p>Apr. 2023      Assistant Audit &amp; Supervisory Board Member (Current)</p>	0 shares
	<p><b>Reason for election</b></p> <p>As Shuichi Murata has extensive knowledge of internal and external business operations as well as his familiarity with auditing operations based on his experience as a Sales Manager of the Plastic Colors No. 2 Division, and has also served as a Senior Specialist in the Internal Audits Division and as an assistant Audit &amp; Supervisory Board Member, and otherwise serving as a member of the Group, he can be expected to adequately perform his duties as an Audit &amp; Supervisory Board Member. The Company therefore requests that he be newly elected as an Audit &amp; Supervisory Board Member.</p>		
3	<p><b>Ichiro Wakabayashi</b> (October 25, 1957) (65 full years of age)</p> <p>[New election] [Outside] [Independent]</p>	<p>Apr. 1981      Joined Nagase &amp; Co., Ltd.</p> <p>Apr. 2008      General Manager of Industrial Materials Division</p> <p>Apr. 2010      Executive Officer and General Manager of Industrial Materials Division</p> <p>June 2015      Director and Executive Officer</p> <p>Apr. 2018      Director and Managing Executive Officer</p> <p>Apr. 2019      Representative Director and Managing Executive Officer</p> <p>June 2021      Advisor</p> <p>June 2022      Resigned from Nagase &amp; Co., Ltd.</p>	0 shares
	<p><b>Reason for election</b></p> <p>Ichiro Wakabayashi has extensive experience and wide-ranging insight in the management of Nagase &amp; Co., Ltd., including both domestic and overseas operations. He can be expected to make use of the knowledge he has cultivated at the company to further strengthen the Company's auditing system. The Company therefore requests that he be newly elected as an Audit &amp; Supervisory Board Member. Although the Group has transactions with Nagase &amp; Co., Ltd., they account for less than 2% of the Group's annual sales and are therefore minimal.</p>		

**<Reference> Nomination policy and election procedures for Audit & Supervisory Board Member candidates**

The Nomination and Remuneration Committee (composed of three (3) or more directors with a majority of independent outside Directors) submits a proposal to the Audit & Supervisory Board for consent after consulting and reporting in light of the below criteria regarding candidates who meet the following conditions. The proposal is then submitted to the Board of Directors, which passes a resolution.

1. The candidate has no interests, etc. that serve to affect the performance of his/her duties as an Audit & Supervisory Board Member.
2. The candidate has a high level of vitality in the execution of duties as an Audit & Supervisory Board Member, and at the same time, be able to strive for self-improvement in order to improve audit quality.
3. The candidate possesses considerable personal magnetism, dignity and ethics.
4. The candidate possesses advanced insight into finance and accounting and superior levels of management knowledge and objective judgment capability, etc.
5. The candidate possesses other qualities sought of an Audit & Supervisory Board Member from the standpoint of corporate governance-building.

For the nomination of outside Audit & Supervisory Board Members, in addition to the above policy, candidates must separately satisfy the following criteria.

1. The candidate possesses considerable insight into their particular field of origin.
2. The candidate is capable of making accurate advice and recommendations from an independent position based on the standpoints of appropriateness and adequateness upon decision-making by the Board of Directors.
3. The candidate satisfies criteria for ensuring the independence of an outside Audit & Supervisory Board Member.

- (Notes)
1. There is no special interest between each candidates and the Company.
  2. Ichiro Wakabayashi is a candidate for outside Audit & Supervisory Board Member.
  3. Ichiro Wakabayashi satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange Inc. and the Company plans to submit notification to the aforementioned exchange concerning his designation as an independent officer.
  4. Regarding limited liability contracts with outside Audit & Supervisory Board Members

In Article 36, paragraph 2 of the Articles of Incorporation, the Company has set forth its ability to execute contracts with outside Audit & Supervisory Board Members that limit their liability for the compensation for damages due to them neglecting their duties so that outside Audit & Supervisory Board Members can fully demonstrate the roles expected of them. In the case that Ichiro Wakabayashi is approved for election as outside Audit & Supervisory Board Member, a limited liability agreement is scheduled to be executed between him and the Company in his capacity as an outside Audit & Supervisory Board Member.

An outline of the content of that contract is as follows.

- (i) Should the Company incur liability for the compensation of damages due to outside Audit & Supervisory Board Members neglecting their duties, the Company will incur said liability to the extent of the minimum liability amount under Article 425, paragraph (1) of the Companies Act.
  - (ii) The above limit on liability shall be limited to instances where the performance of duties by outside Audit & Supervisory Board Members serving as the cause of said duties was with good intentions and without gross negligence.
5. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract prescribed in Article 430-3, paragraph (1) of the Companies Act with insurance companies. An overview of the content of said insurance contract is as stated on page 52 of the Business Report (in Japanese only). When the election of an Audit & Supervisory Board Member candidate is approved, said candidate will be included among the insured under said insurance contract. Additionally, said insurance contract is scheduled to be renewed with the same content upon the next timing of renewal as well.



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

The Company requests approval for the election of one (1) substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations.

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

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
<p style="text-align: center;"><b>Shuichiro Ikari</b></p> <p style="text-align: center;">(January 2, 1960) (63 full years of age)</p> <p style="text-align: center;">[Outside] [Independent]</p>	<p>Apr. 1978      Joined Tokyo Regional Taxation Bureau</p> <p>June 2002      Obtained the Certificate of Tax Accountant</p> <p>July 2016      District Director of Fujisawa Tax Office</p> <p>July 2019      Assistant Regional Commissioner of the Fourth Large Enterprise Department</p> <p>July 2020      Resigned from Tokyo Regional Taxation Bureau</p> <p>Aug. 2020      Opened Ikari Tax Accountant Office (Current)</p> <p>Apr. 2021      Advisor Tax Accountant of the Company (Current)</p> <p>June 2021      Substitute Audit &amp; Supervisory Board Member of the Company (Current)</p> <p>Dec. 2021      Outside Auditor of STEP CO., LTD (Current)</p> <p>[Significant concurrent positions outside the Company] Outside Auditor of STEP CO., LTD</p>	0 shares
<p><b>Reason for election</b></p> <p>As Shuichiro Ikari has held successive key posts at Regional Taxation Bureau, is strongly familiar with finance and accounting through his work experience as a tax accountant and possesses ample insight into operations and accounting audits, he can be expected to adequately perform his duties as an Audit &amp; Supervisory Board Member. The Company therefore requests that he be elected as a substitute outside Audit &amp; Supervisory Board Member candidate. He has never been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an outside Audit &amp; Supervisory Board Member based on the above reasons.</p>		

- (Notes)
1. There is no special interest between the candidate and the Company.
  2. Shuichiro Ikari is a candidate for substitute outside Audit & Supervisory Board Member.
  3. Regarding limited liability contracts with outside Audit & Supervisory Board Members  
 In Article 36, paragraph 2 of the existing Articles of Incorporation, the Company has set forth its ability to execute contracts with outside Audit & Supervisory Board Members that limit their liability for the compensation for damages due to them neglecting their duties so that outside Audit & Supervisory Board Members can fully demonstrate the roles expected of them. Based on the above, in the case that he assumes the post of Audit & Supervisory Board Member, a limited liability contract is scheduled to be executed between him and the Company in his capacity as an outside Audit & Supervisory Board Member.  
 An outline of the content of that contract is as follows.
    - (i) Should the Company incur liability for the compensation of damages due to outside Audit & Supervisory Board Members neglecting their duties, the Company will incur said liability to the extent of the minimum liability amount under Article 425, paragraph (1) of the Companies Act.
    - (ii) The above limit on liability shall be limited to instances where the performance of duties by outside Audit & Supervisory Board Members serving as the cause of said duties was with good intentions and without gross negligence.
  4. The Company has received a letter from Shuichiro Ikari stating that if he assumes the post of outside Audit & Supervisory Board Member, tax accountant consulting contract between him and the Company will be dissolved.
  5. Shuichiro Ikari satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange Inc. and the Company plans to submit notification to the aforementioned exchange concerning his designation as an independent officer should he assume the post of outside Audit & Supervisory Board Member.
  6. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract prescribed in Article 430-3, paragraph (1) of the Companies Act with insurance companies. An overview of the content of said insurance contract is as stated on page 52 of the Business Report (in Japanese only). If Shuichiro Ikari is appointed as an outside

Audit & Supervisory Board Member, he will be included among the insured under said insurance contract. Additionally, said insurance contract is scheduled to be renewed with the same content upon the next timing of renewal as well.

## Proposal No. 5: Continuation of Countermeasures (Takeover Defense Measures) Against Large-Scale Purchases of the Company's Shares

At the Board of Directors meeting held on April 22, 2008, the Company introduced countermeasures (takeover defense measures) against large-scale purchases of the Company's shares, which were approved at the 105th Annual General Meeting of Shareholders held on June 27, 2008, and subsequently approved for continuation at the 117th Annual General Meeting of Shareholders held on June 26, 2020 (below, referred to as the "Current Plan" in this document). However, the effective period of the measures will expire at the conclusion of the 120th Annual General Meeting of Shareholders to be held on June 29, 2023 (below, referred to as the "General Meeting of Shareholders").

As the effective period of the Current Plan expires, the Company has considered the way the Current Plan should be continued, including the pros and cons of its continuation, as one of the measures to ensure and improve the Company's corporate value and the common interests of shareholders, in light of changes in social and economic conditions after the introduction of the Current Plan, various trends surrounding so-called takeover defense measures, and the progress of various discussions.

As a result of these discussions, the Company's Board of Directors, at a meeting held on April 19, 2023, decided to continue the plan (the plan after continuation is below referred to as the "Plan") subject to approval by the shareholders at the General Meeting of Shareholders.

Accordingly, we request the approval of our shareholders for the continuation of the Plan.

### I. Contents of the Plan subject to approval

#### 1. Purpose of the Plan

The Plan is a continuation of the Current Plan as an effort to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate in light of the basic policy concerning company control.

The Board of Directors of the Company believes that it is consistent with the corporate value of the Company and, in turn the common interests of its shareholders that, in the event of a large-scale purchase of the Company's shares, necessary information and time should be secured for shareholders to make an appropriate decision and that negotiations with the purchaser, etc. should be conducted in accordance with certain reasonable rules. Accordingly, the Company has decided to continue the Plan, subject to approval by the shareholders at the General Meeting of Shareholders, as a countermeasure that includes a policy in the event that a large-scale purchase is conducted by a party inappropriate in light of the basic policy concerning company control, by establishing certain rules (below, the "Large-Scale Purchase Rules") concerning the provision of information and securing time for review at the time of a large-scale purchase as described below.

Please refer to Appendix 1 for an overview of the flow of the Plan.

#### 2. Purchase of the Company's shares covered by the Plan

A purchase of the Company's shares covered by the Plan shall be defined as a purchase of the Company's share certificates, etc. (Note 3) with the aim of increasing the percentage of voting rights (Note 2) of a specific group of shareholders (Note 1) to 20% or more, or a purchase of the Company's share certificates, etc. that results in the percentage of voting rights of a specific group of shareholders being 20% or more (in each case, except for those agreed to in advance by the Board of Directors, and regardless of the specific purchase method, such as market transactions, tender offers, etc. Such purchase is below referred to as a "Large-Scale Purchase" and the person conducting such purchase is hereinafter referred to as a "Large-Scale Purchaser.").

Note 1: A specific group of shareholders means:

- (i) Holders of share certificates, etc. (share certificates, etc. as defined in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act.) of the Company (including those who are included in the holders pursuant to Article 27-23, paragraph (3) of the same Act; the same shall apply hereinafter) and their joint holders (meaning joint holders as defined in Article 27-23, paragraph (5) of the same Act, including those who are deemed to be joint holders based on Article 27-23, paragraph (6) of the same Act; the same shall apply hereinafter) or,
- (ii) Purchasers, etc. (including the purchase, etc. as defined in Article 27-2, paragraph (1) of the same Act, including the purchase, etc. conducted in a financial instruments exchange market.) and its specially related parties (refers to specially related parties as defined in Article 27-2, paragraph (7) of the same Act) of share certificates, etc. (meaning share certificates, etc. as defined in Article 27-2, paragraph (1) of the same Act) of the Company

Note 2: Percentage of voting rights means:

- (i) If the specific group of shareholders is as described in (i) of Note 1, the percentage of share certificates, etc. held by such holder (Meaning the percentage of share certificates, etc. held as defined in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act. In this case, the number of share certificates, etc. held by the joint holders of such holders shall also be added (the number of share certificates, etc. held as prescribed in the same paragraph; the same shall apply below)) or,
- (ii) If the specific group of shareholders is described in (ii) of Note 1, the total of the holding percentage of share certificates, etc. of such Large-Scale Purchaser and such specially related parties (refers to the percentage of share certificates, etc. held as defined in Article 27-2, paragraph (8) of the same Act.).

In calculating the percentage of each voting right, the total number of voting rights (as defined in Article 27-2, paragraph (8) of the same Act) and the total number of outstanding shares (as defined in Article 27-23, paragraph (4) of the same Act) may be referred to in the most recently filed annual securities report, quarterly securities report, and purchase of treasury stock status report.

Note 3: Share certificates, etc. means share certificates, etc. as defined in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act or share certificates, etc. as defined in Article 27-2, paragraph (1) of the same Act.

### 3. Establishment of Independent Committee

The Board of Directors will make the final decision as to whether or not the Large-Scale Purchase Rules are complied with, or even if the Large-Scale Purchase Rules are complied with, whether or not to take countermeasures on the grounds that the Large-Scale Purchase would materially damage the corporate value of the Company and, in turn the common interests of its shareholders. However, in order to ensure the proper operation of the Plan, prevent arbitrary decisions by the Board of Directors, and ensure the objectivity and reasonableness of its decisions, the Company will establish an Independent Committee based on the Independent Committee Rules (please refer to Appendix 2 for an outline), as is the case with the Current Plan. The Independent Committee will have at least three members, who will be appointed from among outside Directors, outside Audit & Supervisory Board Members, or outside experts (Note 4) who are independent of the execution of the Company's business in order to enable fair and neutral judgments. Please refer to Appendix 3 for the brief personal histories of the members of the Independent Committee.

The Board of Directors of the Company shall consult with the Independent Committee on the appropriateness of triggering the countermeasures prior to triggering the countermeasures, and the Independent Committee shall carefully evaluate and examine the Large-Scale Purchase from the perspective of enhancing the corporate value of the Company and, in turn the common interests of its shareholders, and make a recommendation to the Board of Directors of the Company as to whether or not the Board of Directors is in a position to implement the countermeasures. The Board of Directors of the Company shall decide on the implementation of the countermeasures after respecting the recommendation of the Independent Committee to the maximum extent possible. A summary of the recommendations of the Independent Committee shall be promptly announced.

The Independent Committee may, at the cost of the Company, obtain advice from independent third party outside experts (including financial advisors, certified public accountants, attorneys at law, consultants, and other experts) in order to ensure that the judgment of the Independent Committee is made in a manner to contribute to the corporate value of the Company, and in turn the common interests of shareholders.

Note 4: Outside experts means company managers with a proven track record, persons from government agencies, attorneys at law, certified public accountants, academic experts, or persons with similar qualifications.

#### 4. Outline of Large-Scale Purchase Rules

##### (1) Prior submission of a letter of intent to the Company by the Large-Scale Purchaser

In the event that a Large-Scale Purchaser intends to conduct a Large-Scale Purchase, prior to the Large-Scale Purchase or the proposal of a Large-Scale Purchase, the Large-Scale Purchaser shall first submit to the Company's Board of Directors a letter of intent in Japanese, in a form prescribed by the Company, that contains the following information, including a legally binding covenant to the effect that it will comply with the Large-Scale Purchase Rules.

- (a) Name and address of the Large-Scale Purchaser
- (b) Law governing the incorporation
- (c) Name of representative
- (d) Contact address in Japan
- (e) Outline of the proposed Large-Scale Purchase
- (f) Pledge to comply with the Large-Scale Purchase Rules set forth in the Plan

If the Board of Directors of the Company receives a letter of intent from the Large-Scale Purchaser, the Board of Directors of the Company shall promptly announce to that effect and, if necessary, the details of the letter of intent.

##### (2) Provision of necessary information from the Large-Scale Purchaser

Within ten business days from the day following the day on which the Board of Directors of the Company receives a letter of intent containing all of the items in 4. (1) (a) through (f) above, the Board of Directors will send to the Large-Scale Purchaser a list of information regarding the Large-Scale Purchase ("Necessary Information") that the Board of Directors will request the Large-Scale Purchaser to provide to the Board of Directors (below, "Necessary Information List"), and the Large-Scale Purchaser shall be required to submit the Necessary Information in writing in Japanese to the Board of Directors of the Company in accordance with the Necessary Information List.

The general items of the Necessary Information are as follows. Although the specific details will vary depending on the attributes of the Large-Scale Purchaser and the terms of the Large-Scale Purchase, in all cases, the Necessary Information shall be limited to what is necessary and sufficient for the shareholders to make a judgment and for the Board of Directors of the Company to form its opinion.

- (a) Details of the Large-Scale Purchaser and its Group (including joint holders, specially related parties, and partners (in the case of a fund) and other constituent members) (including information on the name, business activities, career or history, capital structure, financial position, experience in businesses similar to those of the Company and its Group companies)
- (b) Purpose, method, and details of the Large-Scale Purchase (including the price and type of consideration for the Large-Scale Purchase, timing of the Large-Scale Purchase, structure of related transactions, legality of the method of the Large-Scale Purchase, feasibility of the Large-Scale Purchase and related transactions, etc.)
- (c) Basis for calculation of the purchase price for the Large-Scale Purchase of the Company's shares (including facts underlying the calculation, calculation method, numerical information used in the calculation, and details of synergies expected to be created by the series of transactions related to the Large-Scale Purchase)
- (d) Supporting documents explaining the source of funds for the Large-Scale Purchase (including the specific name of the provider of the funds (including substantial providers of funds), funding methods and the details of any related transactions)
- (e) Candidates for officers of the Company and its Group companies (including information on their experience in the same type of business as that of the Company and its Group companies) that are expected to be appointed after the completion of the Large-Scale Purchase, management policies, business plans, financial plans, capital policies, dividend policies, asset utilization policies, etc. of the Company and its Group companies
- (f) Whether or not there will be any change in the relationship between the Company and its Group companies and its stakeholders, including customers, business partners, and employees of the Company and its Group companies, after the completion of the Large-Scale Purchase, and the details thereof

The Board of Directors of the Company may set a deadline for the Large-Scale Purchaser to provide information, as necessary, from the viewpoint of prompt implementation of the Large-Scale Purchase Rules. However, the deadline may be extended if the Large-Scale Purchaser requests an extension based on reasonable grounds.

If as a result of the Board of Directors' examination of the Necessary Information initially submitted in accordance with the above, the Board of Directors considers that such Necessary Information is not sufficient as information for evaluating and considering the Large-Scale Purchase, the Board of Directors may request the Large-Scale Purchaser to provide additional information until the Large-Scale Purchaser has all the Necessary Information, after setting a reasonable deadline (up to 60 days from the date of receipt of the first Necessary Information).

If the Board of Directors of the Company determines that all of the Necessary Information sufficient to evaluate and consider the Large-Scale Purchase has been submitted by the Large-Scale Purchaser, it will send a notice to that effect to the Large-Scale Purchaser, submit the Necessary Information to the Independent Committee, and make a public announcement to that effect.

In addition, if the Board of Directors of the Company requests the Large-Scale Purchaser to provide additional Necessary Information, but the Large-Scale Purchaser provides a reasonable explanation to the effect that it is difficult to provide some of such information, the Board of Directors of the Company may terminate negotiations, etc. with the Large-Scale Purchaser concerning the provision of information even if all the Necessary Information requested by the Board of Directors of the Company is not available, and the Board of Directors may begin its evaluation and consideration of the Large-Scale Purchase described in (3) below.

The Necessary Information provided to the Board of Directors of the Company will be submitted to the Independent Committee, and if deemed necessary for the shareholders to make a decision, all or part of the Necessary Information will be made public at a time deemed appropriate by the Board of Directors of the Company.

### (3) Evaluation and consideration, etc. by the Board of Directors of the Company

The Board of Directors of the Company shall, depending on the degree of difficulty of the evaluation of the Large-Scale Purchase, etc., allow up to 60 days in the case of a purchase of all shares of the Company by tender offer with cash (yen)-only consideration or up to 90 days in the case of any other Large-Scale Purchase after the Large-Scale Purchaser has provided the Board of Directors of the Company with the Necessary Information to evaluate, examine, negotiate, form an opinion, and develop an alternative proposal (below, the "Board Evaluation Period").

During the Board Evaluation Period, the Board of Directors of the Company will fully evaluate and review the Necessary Information provided to it, receiving advice from independent third-party outside experts (financial advisors, certified public accountants, lawyers, consultants, and other experts) as necessary, and will then carefully summarize and disclose its opinion. Furthermore, the Board of Directors of the Company will also negotiate the terms and conditions and the method of the Large-Scale Purchase with the Large-Scale Purchaser as necessary and may present an alternative proposal to its shareholders.

## 5. Response policy in the event of a Large-Scale Purchase

### (1) If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules

In the event that a Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, regardless of the specific method of purchase, the Board of Directors of the Company may take countermeasures permitted under the Companies Act, other laws, and the Company's Articles of Incorporation, such as the gratis allotment of stock acquisition rights, in order to protect the Company's corporate value, and in turn the common interests of shareholders.

In determining whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the Company shall take into account the circumstances of the Large-Scale Purchaser to a reasonable extent and shall not deem that the Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules merely because some of the Necessary Information has not been submitted.

(2) If the Large-Scale Purchaser complies with the Large-Scale Purchase Rules

In cases where a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors of the Company will, even if it is opposed to the Large-Scale Purchase, merely seek the understanding of shareholders by expressing its opposition to the purchase proposal, presenting an alternative proposal, etc., and in principle will not take any countermeasures against such Large-Scale Purchase. Whether or not to accept the Large-Scale Purchaser's purchase proposal shall be determined by the shareholders after considering the purchase proposal and the opinions, alternative plans, etc. presented by the Company in response to such purchase proposal.

However, even if the Large-Scale Purchase Rules are complied with, if the Board of Directors of the Company judges that the Large-Scale Purchase falls under, for example, any of the following (a) through (i) and will significantly damage the corporate value of the Company, and in turn the common interests of its shareholders, such as causing irreparable damage to the Company as a result, exceptionally, the Board of Directors of the Company may decide to trigger the countermeasures mentioned in (1) above to the extent necessary and reasonable for the purpose of protecting the corporate value of the Company, and in turn the common interests of shareholders.

- (a) Cases where the Large-Scale Purchaser is found to be acquiring shares of the Company for the sole purpose of raising the share price and having the Company's related parties purchase the shares at a high price, even though the purchaser has no intention of truly participating in the management of the Company (so-called greenmailer)
- (b) Cases where the Large-Scale Purchaser is found to be acquiring shares of the Company for the purpose of transferring such assets of the Company or the Group companies as intellectual property rights, know-how, corporate secrets, major business partners or customers that are necessary for the business operation of the Company or the Group companies to the Large-Scale Purchaser or its group companies, etc. for the purpose of so-called scorched-earth management
- (c) Cases where the Large-Scale Purchaser is found to be acquiring shares of the Company for the purpose of using the assets of the Company or the Group companies as collateral for or the source of funds to repay, debts of the Large-Scale Purchaser or its group companies, etc. after acquiring the control over the corporate management of the Company
- (d) Cases where the Large-Scale Purchaser is found to be acquiring shares of the Company for the purpose of temporarily acquiring the control over the management of the Company and disposing high-value assets, etc. such as real estate, securities, etc. of the Company or the Group companies by sale, etc. and temporarily paying higher dividends from the disposition proceeds or deliberately selling the shares of the Company at a high price as the share price surges during the period of the said temporarily higher dividends
- (e) Cases where the method of purchase of shares of the Company proposed by the Large-Scale Purchaser is found to impose restrictions on the opportunity or freedom of shareholders to make a decision by way of so-called coercive two-tier tender offer (the method of carrying out a tender offer in two steps where the Large-Scale Purchaser does not solicit the sale of all shares of the Company in the first stage while specifying unfavorable terms and conditions for purchase in the second stage or not clarifying the terms and conditions for purchase in the second stage) and shareholders could be effectively forced to sell the shares of the Company
- (f) Cases where the terms and conditions for purchasing the Company's shares (including but not limited to class of shares, amount of the consideration, basis of calculation of the consideration, other specific terms and conditions, whether there is any illegality and the feasibility) proposed by the Large-Scale Purchaser are found significantly inadequate or unsuitable with respect to the Company's corporate value and, in turn the common interests of shareholders
- (g) Cases where the Company's management policy, etc. after the Large-Scale Purchase by the Large-Scale Purchaser is judged to be insufficient or inappropriate, which may impede the growth and stability of the business of the Company or the Group companies and materially impede the corporate value of the Company and, in turn the common interests of its shareholders
- (h) Cases where it is judged that the acquisition of control of the Company by the Large-Scale Purchaser will destroy the relationships with customers, business partners, employees, local residents, and other stakeholders, which are indispensable for the realization of sustainable growth of the corporate value of the Company and the Group companies, and will significantly damage the corporate value of the Company, and in turn the common interests of its shareholders

- (i) Cases where it is judged on reasonable grounds that the Large-Scale Purchaser is inappropriate as the controlling shareholder of the Company from the viewpoint of public order and morals, such as when the Large-Scale Purchaser's management or major shareholders or investors include persons who have relationships with anti-social forces

(3) Resolutions of the Board of Directors and General Meeting of Shareholders

When making a decision on whether or not to take countermeasures in (1) or (2) above, the Board of Directors of the Company shall respect the recommendation of the Independent Committee to the maximum extent possible, and shall pass a resolution as an organ under the Companies Act regarding implementation or non-implementation of countermeasures after giving due consideration to the necessity, reasonableness, etc. of such countermeasures.

With respect to the specific countermeasures to be taken, the Board of Directors of the Company shall select those it deems most appropriate at the time. The outline of cases in which the Board of Directors of the Company implements a gratis allotment of stock acquisition rights as one of the specific countermeasures, for example, is shown in Appendix 4 in principle. However, in cases where the Board of Directors actually implements a gratis allotment of stock acquisition rights, conditions may be set in consideration of the effectiveness as a countermeasure, such as making it a condition for exercising stock acquisition rights that the shareholder does not belong to a specific group of shareholders whose voting rights account for a certain percentage or more of the voting rights.

In addition, in cases where the Independent Committee makes a recommendation for the implementation of countermeasures and requests a General Meeting of Shareholders to be held for a resolution for the implementation of such countermeasures, the Board of Directors of the Company may set a period of up to 60 days as a period for shareholders to fully consider whether or not to implement countermeasures under the Plan (below, the "Shareholder Consideration Period"), and hold a General Meeting of Shareholders during such Shareholder Consideration Period.

If the Board of Directors of the Company resolves to hold a General Meeting of Shareholders and determine the record date, the Board Evaluation Period will end on that date and immediately shift to the Shareholder Consideration Period.

Upon the holding of such General Meeting of Shareholders, the Board of Directors of the Company will send to the shareholders a document stating the Necessary Information provided by the Large-Scale Purchaser, the Board of Directors' opinion on the Necessary Information, the Board of Directors' alternative proposal, and any other matters that the Board of Directors of the Company deems appropriate, together with the notice of the General Meeting of Shareholders, and will make a public announcement to that effect in a timely and appropriate manner.

If the General Meeting of Shareholders resolves to implement or not to implement a countermeasure, the Board of Directors of the Company shall comply with the resolution of such General Meeting of Shareholders. If such General Meeting of Shareholders resolves to reject the implementation of the countermeasure, the Board of Directors of the Company will not implement the countermeasure.

The Shareholder Consideration Period shall end at the conclusion of such General Meeting of Shareholders, and the results of such General Meeting of Shareholders shall be announced in a timely and appropriate manner after the resolution is passed.

(4) Large-Scale Purchase waiting period

If a Shareholder Consideration Period is not established, the Large-Scale Purchase waiting period shall be from the date of submission of the letter of intent to the Board of Directors of the Company as described in 4. (1) "Prior submission of a letter of intent by the Large-Scale Purchaser to the Company by the Large-Scale Purchaser" to the end of the Board Evaluation Period, or if a Shareholder Consideration Period is established, the Large-Scale Purchase waiting period shall be from the date the letter of intent is submitted to the Board of Directors of the Company to the end of the combined period of the Board Evaluation Period and the Shareholder Consideration Period. During the Large-Scale Purchase waiting period, a Large-Scale Purchase shall not be implemented.

Accordingly, a Large-Scale Purchase may be commenced only after the expiration of the Large-Scale Purchase waiting period.



(5) Suspension of triggering of countermeasures, etc.

In the event that the Board of Directors of the Company or the General Meeting of Shareholders resolves to take specific countermeasures in (3) above and the Board of Directors of the Company judges that it is not appropriate to implement the countermeasures, such as when the Large-Scale Purchaser withdraws or changes the Large-Scale Purchase, after respecting the opinion or recommendation of the Independent Committee to the maximum extent possible, the implementation of countermeasures may be suspended.

For example, in the case of a gratis allotment of stock acquisition rights as a countermeasure, even after the Board of Directors of the Company resolves to implement the gratis allotment or the gratis allotment is implemented, if the Board of Directors of the Company determines that it is not appropriate to implement the countermeasure because the Large-Scale Purchaser withdraws or changes the Large-Scale Purchase, etc., the Board of Directors of the Company may suspend the triggering of countermeasures by canceling the gratis allotment of stock acquisition rights until the day before the effective date of the stock acquisition rights, or, after the gratis allotment of stock acquisition rights, by means of a gratis acquisition of stock acquisition rights by the Company (the stock acquisition rights of shareholders will be extinguished when the Company acquires the stock acquisition rights for no consideration) until the day before the commencement date of the exercise period, after respecting the recommendations of the Independent Committee to the maximum extent possible.

In the event that the Company suspends the implementation of such countermeasures, etc., the Company will disclose such decision in a timely and appropriate manner in accordance with laws and regulations and the listing rules, etc., of the financial instruments exchanges on which the Company is listed.

6. Commencement of application, effective period, continuation, and abolition of the Plan

The Plan shall become effective as of the date of the resolution at the General Meeting of Shareholders, and shall remain in effect until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending by March 31, 2026.

However, even after the continuation of the Plan is approved at the General Meeting of Shareholders and the Plan becomes effective, the Plan shall be abolished at that time if (1) a resolution to abolish the Plan is passed at the Company's General Meeting of Shareholders or (2) a resolution to abolish the Plan is passed by the Board of Directors of the Company.

In addition, even during the effective period of the Plan, the Board of Directors of the Company may review the Plan from time to time from the viewpoint of improving corporate value of the Company, and in turn the common interests of shareholders, and may amend the Plan with the approval of the General Meeting of Shareholders. In this manner, in the event that the Board of Directors of the Company decides to continue, amend, or abolish the Plan, the Board of Directors of the Company will promptly announce the details of such decision.

Even during the effective period of the Plan, the Board of Directors of the Company may amend or revise the Plan as necessary with the approval of the Independent Committee when it is not disadvantageous to the shareholders, such as when laws and regulations, financial instruments exchange rules, etc. concerning the Plan are newly established, amended, or abolished and it is appropriate to reflect such establishment, amendment, or abolishment, or when it is appropriate to amend the wording due to typographical errors, omissions, or other reasons.

## II. Supplementary explanation

The contents of the Plan are as described in I. above, and (1) the impact on shareholders, etc., and (2) the rationality of the Plan are described as follows, respectively.

We hope that shareholders will consider these points, and approve this proposal.

### 1. Impact on shareholders and investors, etc.

#### (1) Impact, etc. of the Large-Scale Purchase Rules on shareholders

The purpose of the Large-Scale Purchase Rules is to provide information necessary for shareholders to decide whether or not to accept a Large-Scale Purchase, to provide the opinion of the Board of Directors of the Company, which is actually in charge of the management of the Company, and to ensure that shareholders have an opportunity to receive an alternative proposal. We believe that this will enable shareholders to make an appropriate decision as to whether or not to accept the Large-Scale Purchase based on sufficient information and proposals, which will lead to the protection of the Company's corporate value and, in turn the common interests of shareholders. Accordingly, we believe that the establishment of the Large-Scale Purchase Rules is a prerequisite for shareholders to make an appropriate judgment and contributes to the interests of all shareholders.

As stated in I. 5 above, depending on whether the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the response policy of the Company to the proposed Large-Scale Purchase will be different. Therefore, shareholders are advised to pay attention to any action that the Large-Scale Purchaser may or may not take.

#### (2) Effect on shareholders at the time of implementation of countermeasures

In cases where a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, or even if the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if the Large-Scale Purchase is judged to significantly damage the Company's corporate value and, in turn the common interests of shareholders, such as by causing irreparable damage to the Company, the Board of Directors of the Company may take countermeasures permitted under the Companies Act and other laws and the Articles of Incorporation of the Company, such as the gratis allotment of stock acquisition rights, in order to protect the Company's corporate value and, in turn the common interests of shareholders. However, under the mechanism of such countermeasures, the Company does not expect that shareholders (excluding Large-Scale Purchasers who do not comply with the Large-Scale Purchase Rules and Large-Scale Purchasers who conduct a Large-Scale Purchase that is deemed to damage the interests of the Company's shareholders as a whole by causing irreparable damage to the Company, etc.) will suffer any extraordinary loss in terms of legal rights or economic aspects.

In the event that the Board of Directors of the Company decides to take specific countermeasures, the Board of Directors of the Company will disclose such information in a timely and appropriate manner in accordance with laws and regulations and the rules of the financial instruments exchanges on which the Company is listed.

As one of the countermeasures, for example, if the Company implements a gratis allotment of stock acquisition rights, shareholders will receive an allotment of stock acquisition rights without being required to subscribe for them, and if the Company performs procedures to acquire the stock acquisition rights, shareholders will receive the Company's shares as consideration for the acquisition of the stock acquisition rights without having to pay the amount equivalent to the exercise price of the stock acquisition rights, so no procedures such as application or payment will be required. However, in this case, the Company may separately request shareholders who receive an allotment of stock acquisition rights to submit a written pledge in the form prescribed by the Company that they are not a Large-Scale Purchaser, etc.

Even after the allotment date of stock acquisition rights or after the stock acquisition rights become effective, the Company may, for example, cancel the allotment of stock acquisition rights or acquire the stock acquisition rights without consideration without delivering the Company's shares for the stock acquisition rights by the day before the commencement date of the exercise period of stock acquisition rights due to circumstances such as the withdrawal of a Large-Scale Purchase by a Large-Scale Purchaser. In these cases, shareholders or investors who sell or otherwise dispose of their shares based on the assumption that the value per share will be diluted after the shareholders who are to receive the gratis allotment of such stock acquisition rights are determined (after the ex-rights date) may suffer a commensurate loss due to fluctuations in the share price.

2. Reasonableness of the Plan (regarding the Plan’s conformity to the basic policy concerning company control, its conformity to the corporate value of the Company and, in turn the common interests of its shareholders, and it is not intended to maintain the status of the Company’s corporate officers)

In designing the Plan, the Company believes that the Plan is in line with the basic policy concerning company control, consistent with the Company’s corporate value and, in turn the common interests of its shareholders, and does not aim to maintain the status of the Company’s corporate officers by taking the following points into consideration.

- (1) The Plan satisfies all the requirements of the guidelines on takeover defense measures.

The Plan satisfies all three principles (principle of protecting and enhancing corporate value and shareholders’ common interests, principle of prior disclosure and shareholders’ will and principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interest” jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

It is also takes into consideration the contents of the “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Corporate Value Study Group established in the Ministry of Economy, Trade and Industry on June 30, 2008, and the “Principle 1-5 So-called anti-takeover measures” in the “Corporate Governance Code” revised by Tokyo Stock Exchange Inc. on June 11, 2021.

- (2) Continuation for the purpose of securing and enhancing the common interests of shareholders

As noted in the I. 1. “Purpose of the Plan” above, the continuation of the Plan is proposed for the purpose of protecting and enhancing the corporate value of the Company and, in turn the common interests of shareholders in the case where a Large-Scale Purchase of shares of the Company is proposed by securing information and time necessary for the shareholders to decide whether to accept the proposal for the Large-Scale Purchase or for the Board of Directors of the Company to present an alternative proposal, as well as by enabling the Company to negotiate with the Large-Scale Purchaser on behalf of its shareholders or to take similar actions.

- (3) Reflecting the intent of shareholders

The Plan is subject to the approval of the shareholders at the General Meeting of Shareholders, and the shareholders will be asked about the continuation to the Plan at the General Meeting of Shareholders, which will reflect the shareholders’ intent.

In addition, after the continuation of the Plan, even during the effective period, if a resolution to abolish the Plan is passed at the Company’s General Meeting of Shareholders, the Plan will be abolished at that time, and the shareholders’ intent will be reflected.

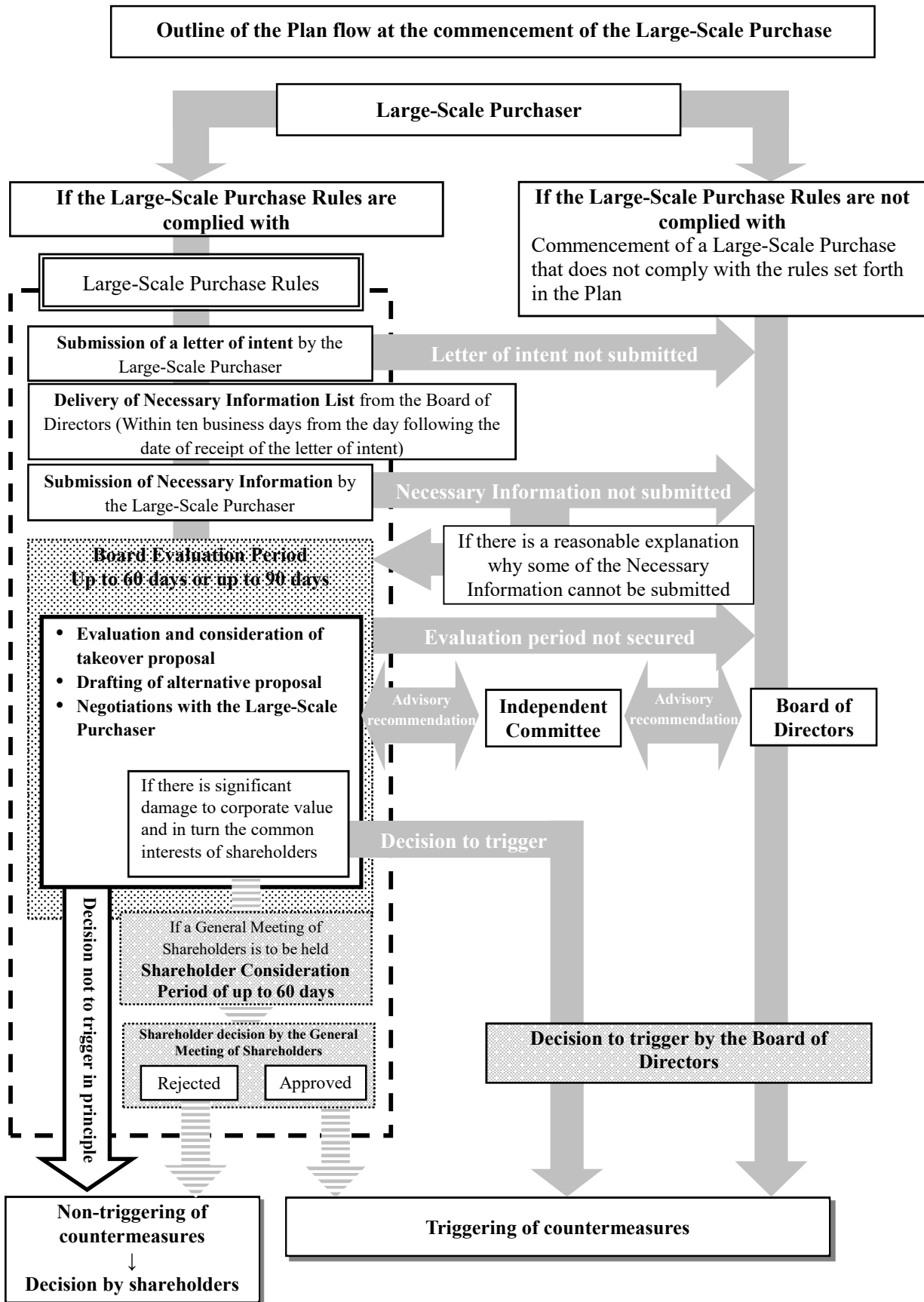
- (4) The Plan respects the judgment of highly independent outside parties and discloses information.

As stated in I. 5 “Response policy in the event of a Large-Scale Purchase” above, the triggering of countermeasures under the Plan is subject to consultation with the Independent Committee, which consists of members who are independent of the management team that executes the Company’s business, and the recommendations of the Independent Committee are to be respected to the maximum extent possible. In this manner, procedures to ensure the transparent operation of the Plan have been secured in order to contribute to the Company’s corporate value and, in turn the common interests of shareholders.

A summary of the Independent Committee’s recommendations will be made public.

- (5) Neither a dead-hand measure nor a slow-hand measure

The Plan can be abolished by the Board of Directors, which is composed of Directors elected at the Company’s General Meeting of Shareholders. Therefore, the Plan is not a dead-hand measure (a countermeasure whose exercise cannot be prevented even after replacing a majority of the members of the Board of Directors). The term of office of Directors is set at one year, so the Plan is not a slow-hand measure (a measure that requires time to prevent the triggering of the Plan because it is impossible to replace all members of the Board of Directors at the same time). Furthermore, the Company does not impose any additional requirements for the resolution of the dismissal of Directors, such as the requirement for a special resolution.



(Note) This diagram is a schematic representation of the typical flow of procedures for the purpose of contributing to an understanding of the Plan, and does not necessarily show all procedures. For details, please refer to the text.

### **Outline of the Independent Committee**

- The Independent Committee shall be established by resolution of the Board of Directors.
- The Independent Committee shall consist of three or more members. In order to enable fair and neutral judgments, the Independent Committee members shall be appointed by resolution of the Board of Directors of the Company from among persons who are either of outside Directors of the Company, outside Audit & Supervisory Board Members of the Company, and outside experts (senior corporate executives with proven track record, ex-government officials, attorneys at law, certified public accountants, persons with academic experience or persons equivalent thereto) and who are independent from the senior executives in charge of business execution of the Company.
- The Independent Committee shall, in principle, make recommendations on matters for which it is consulted by the Board of Directors, together with reasons and grounds for such determination, such as judgments as to whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, judgments as to whether or not the Large-Scale Purchase would materially damage the corporate value of the Company and the common interests of shareholders, judgments as to whether or not to trigger countermeasures, judgments as to whether or not to suspend countermeasures once triggered, etc. Each member of the Independent Committee shall make such decisions from the perspective of whether or not they contribute to the corporate value of the Company and, in turn the common interests of its shareholders.
- The Independent Committee may, at the Company's expense, obtain advice from independent third-party outside experts (financial advisors, certified public accountants, lawyers, consultants and other experts) as necessary.
- The resolution of the Independent Committee shall be adopted by a majority of the members.

### **Career summary of the Independent Committee members**

The following three persons are scheduled to be Independent Committee members after the continuation of the Plan.

#### **Hidemi Yamaguchi**

##### Career summary

Apr. 1972	Joined Tokyo Regional Taxation Bureau
May 1998	Obtained the Certificate of Tax Accountant
July 2008	District Director of Kitazawa Tax Office
July 2013	Assistant Regional Commissioner of the Second Large Enterprise Department
July 2014	Resigned from Tokyo Regional Taxation Bureau
Aug. 2014	Started tax accounting business (Current)
Sept. 2016	Outside Director (Audit & Supervisory Committee Member) of TOYO DRILUBE CO., LTD. (Current)
Apr. 2017	Advisor Tax Accountant of the Company
June 2017	Substitute Audit & Supervisory Board Member of the Company
Mar. 2021	Cancellation of outsourcing contract as Advisor Tax Accountant of the Company
June 2021	Appointed as Audit & Supervisory Board Member of the Company (Current)

#### **Ichiro Wakabayashi**

##### Career summary

Apr. 1981	Joined Nagase & Co., Ltd.
Apr. 2008	General Manager of Industrial Materials Division
Apr. 2010	Executive Officer and General Manager of Industrial Materials Division
June 2015	Director and Executive Officer
Apr. 2018	Director and Managing Executive Officer
Apr. 2019	Representative Director and Managing Executive Officer
June 2021	Advisor
June 2022	Resigned from Nagase & Co., Ltd.
June 2023	Scheduled to be appointed as Audit & Supervisory Board Member of the Company

#### **Shuichiro Ikari**

##### Career summary

Apr. 1978	Joined Tokyo Regional Taxation Bureau
June 2002	Obtained the Certificate of Tax Accountant
July 2016	District Director of Fujisawa Tax Office
July 2019	Assistant Regional Commissioner of the Fourth Large Enterprise Department
July 2020	Resigned from Tokyo Regional Taxation Bureau
Aug. 2020	Opened Ikari Tax Accountant Office (Current)
Apr. 2021	Advisor Tax Accountant of the Company (Current)
June 2021	Substitute Audit & Supervisory Board Member of the Company (Current)
Dec. 2021	Outside Auditor of STEP CO., LTD (Current)

There is no special interest between the Independent Committee members and the Company. Outside Audit & Supervisory Board Member Hidemi Yamaguchi is designated as an independent officer as provided for by Tokyo Stock Exchange Inc. The candidate for outside Audit & Supervisory Board Member Ichiro Wakabayashi will be designated as an independent officer as provided for by Tokyo Stock Exchange Inc.

## **Outline of the gratis allotment of the stock acquisition rights**

1. Shareholders eligible for gratis allotment of the stock acquisition rights and the method of allotment

The Company will newly allot stock acquisition rights to shareholders recorded in the final shareholders' register as of the allotment date determined by the Board of Directors of the Company at a ratio of one stock acquisition right per one share of common stock of the Company held by such shareholders (excluding, however, common stock of the Company held by the Company) without requiring new payment.

2. Class and number of shares that are the subject of the stock acquisition rights

The class of shares to be issued upon exercise of stock acquisition rights shall be common stock of the Company, and the number of shares to be issued upon exercise of each stock acquisition right shall be one share. However, the necessary adjustments shall be made if the Company conducts a stock split or a reverse stock split.

3. Total number of stock acquisition rights to be allotted to shareholders

The total number of stock acquisition rights to be allotted to shareholders shall be limited to the number obtained by subtracting the total number of outstanding shares of common stock of the Company (excluding, however, common stock of the Company held by the Company) from the total number of shares authorized to be issued by the Company as of the allotment date, as determined by the Board of Directors of the Company. The Board of Directors of the Company may allot stock acquisition rights more than once.

4. Assets to be contributed upon exercise of the stock acquisition rights and their value

Assets to be contributed upon exercise of each stock acquisition right shall be in the form of cash, the value of which shall be determined by the Board of Directors of the Company in an amount of one yen or more. In the event that the Board of Directors of the Company decides to acquire the stock acquisition rights, the Company may deliver new shares to the shareholders as consideration for the acquisition of the stock acquisition rights by the Company without payment of an amount equivalent to the exercise price.

5. Restrictions on the transfer of the stock acquisition rights

Acquisition of stock acquisition rights by transfer of stock acquisition rights shall be subject to the approval of the Board of Directors of the Company.

6. Exercise conditions of the stock acquisition rights

Provide for exercise conditions such as that the person must not belong to a specific group of shareholders who hold 20% or more of the voting rights (excluding those who have been approved in advance by the Board of Directors of the Company). The details shall be separately determined by the Board of Directors of the Company.

7. Exercise period, etc. of the stock acquisition rights

The date when the allotment of stock acquisition rights becomes effective, exercise period, acquisition terms and other necessary matters shall be separately determined by the Board of Directors of the Company. With respect to the acquisition terms, the Company may stipulate a clause to the effect that the Company may acquire stock acquisition rights held by persons other than those who are not permitted to exercise stock acquisition rights under the exercise conditions stipulated in 6. above and deliver the number of shares of common stock of the Company separately determined by the Board of Directors of the Company per one stock acquisition right or that the Company may acquire stock acquisition rights without consideration without delivering shares of the Company for each stock acquisition right. The Company does not expect to deliver money as consideration for the acquisition of stock acquisition rights held by persons who are not permitted to exercise their stock acquisition rights under the exercise conditions set forth in 6. above.

**Status of the Company's shares (as of March 31, 2023)**

1. Total number of authorized shares                    50,000,000 shares
2. Total number of shares issued and outstanding                    18,613,110 shares
3. Major shareholders (top 10)

Name of shareholder	Contribution in the Company	
	Number of shares held (thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,871	10.11
Sumitomo Mitsui Banking Corporation	882	4.77
Taiju Life Insurance Company Limited	654	3.54
MUFG Bank, Ltd.	601	3.25
Dainichiseika Employees' Stock Ownership Plan	561	3.03
Mizuho Trust & Banking Co., Ltd.	520	2.81
Custody Bank of Japan, Ltd. (Trust Account)	508	2.75
Sompo Japan Insurance Inc.	371	2.00
Osamu Takahashi	363	1.96
Nihon Parkerizing Co., Ltd.	359	1.94

- (Notes)
1. The number of shares held is rounded down to the nearest thousand shares.
  2. "Ratio of shares held to total number of shares issued and outstanding" is rounded down to two decimal places.
  3. The Company owns 122,030 shares of treasury stock, which are not included in the above.