[Translation]

May 29, 2024

To whom it may concern:

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Name of representative: Yoshikazu Sakairi, President
(Securities code: 6282;
Tokyo Stock Exchange, Prime Market)
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Notice Concerning Continuation of the Company's Policy for Responding to Large-Scale Purchase of the Company's Shares (Takeover Response Policy)

At the Company's Board of Directors meeting held on May 22, 2006, the Company decided to adopt the Policy for Responding to Large-Scale Purchases, and has continued with it after obtaining the approval of shareholders at the Ordinary General Meeting of Shareholders held on June 29 of the same year, and every three years thereafter upon its date of expiration (most recently at the 70th Ordinary General Meeting of Shareholders held on June 29, 2021) (the Policy for Responding to Large-Scale Purchases of the Company's Shares (Takeover Defense Measures) continued until most recently is referred to as "the Old Policy").

The aim of the Old Policy was, in the event of a proposal for a large-scale purchase of the Company's shares, to promptly provide shareholders with necessary and sufficient information, opinions, proposals, etc. from both the party proposing the large-scale purchase and the Company's Board of Directors, and to ensure that there was necessary and sufficient time for shareholders to consider the matter in order to accurately judge the impact, etc. of that proposal on the Company's corporate value and the common interests of its shareholders. The Old Policy is set to expire at the time of conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 27, 2024 (hereinafter referred to as "this General Meeting of Shareholders").

The Company has been considering how best to proceed with the Old Policy, including whether to continue with it or not, from the perspective of pursuing the Company's corporate value and ultimately the common interests of its shareholders, while taking into account subsequent changes in social and economic circumstances, trends related to policies responding to acquisitions and the developments in various debates, and the intentions underlying the Corporate Governance Code, etc.

As a result, it was decided with the approval of all Directors, including two (2) outside Directors, at the Board of Directors meeting held on May 29, 2024, to continue with the Old Policy with partial amendments, on condition that it was approved by shareholders at this General Meeting of Shareholders pursuant to Article 16 of the Company's Articles of Incorporation (the amended Policy for Responding to Large-Scale Purchases of the Company's Shares (Takeover Response Policy); hereinafter referred to as "the Policy"). Four (4) Audit & Supervisory Board Members of the Company, including two (2) outside Audit & Supervisory Board Members, attended that Board of Directors meeting, and all Audit & Supervisory Board Members stated their agreement to the continuation, on the condition that the Policy is implemented properly regarding the details. Also, the Policy will become effective upon approval by shareholders at this General Meeting of Shareholders, and its effective period shall be until the time of conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year among the fiscal years ending within three years from the time of conclusion of this General Meeting of Shareholders (the 76th Ordinary General Meeting of Shareholders of the Company, scheduled to be held in June 2027).

The main amendments to the Policy are as follows:

(i) We have limited the instances in which the Company's Board of Directors may trigger countermeasures under the Policy to instances where a resolution to trigger countermeasures has been passed at the General Meeting of Shareholders, if the large-scale purchaser adheres to the Large-Scale Purchase Rules. In addition, even if the large-scale purchaser does not adhere to the Large-Scale Purchase Rules, we have decided that in order for the Company's Board of Directors to trigger countermeasures under the Policy, it has been established as a principle that the resolution to trigger countermeasures must be passed at the General Meeting of Shareholders. (Main relevant pages: pages 13 through 16 of this Notice)

(ii) We have limited the countermeasures under the Policy to the gratis allotment of stock acquisition rights. (Main relevant pages: pages 13 through 15 of this Notice)

(iii) The Company plans to transition to a company with an audit and supervisory committee, subject to the approval of shareholders at this General Meeting of Shareholders, and has made the necessary amendments (including amendment (iv) below) to this end. (Main relevant pages: pages 7 and 20 of this document, Appendix 3, Appendix 4)

(iv) We have revised the Special Committee Regulations. Specifically, following the transition to a company with an Audit and Supervisory Committee, eligibility requirements for Special Committee Members have been narrowed down to outside Directors only, instead of being chosen from either outside Directors or outside Audit & Supervisory Board Members, and we have clarified the handling of resolutions when the vote results in a tie. We have also limited the countermeasures under the Policy described in the Special Committee Regulations to the gratis allotment of stock acquisition rights. (Main relevant pages: Appendix 3)

(v) In addition, we have revised the phrases and rearranged the wording to make the Policy easier to understand.

The overview of our shares as of March 31, 2024 is set forth in Appendix 1. However, as of today, we have not received any specific proposals regarding a large-scale purchase of our shares.

<Reasons for the Continuation of the Policy for Responding to Large-Scale Purchases of the Company's Shares (Takeover Response Policy)>

Based on our management philosophy, "To become a world leader as a general manufacturer of oil-less bearings and serve society through technology," the Corporate Group promotes initiatives to enhance corporate value, such as developing products that address customers' needs quickly and accurately and expanding globally with an emphasis on Europe, the U.S., China, India, and ASEAN countries.

On the other hand, under the current Japanese capital market and legal system, it must be said that the possibility of such large-scale purchases that would be detrimental to the Corporate Group's corporate value and ultimately also to the common interests of its shareholders continues to exist.

The Financial Instruments and Exchange Act requires that tender offers be made for certain large-scale purchases and stipulates rules regarding disclosure and procedures, but as a rule, this only applies to off-market transactions and not to on-market transactions. In addition, in the event of a sudden hostile large-scale purchase, there is a risk that shareholders may not be provided with the necessary information and the time for consideration, due to the fact that the purchaser is allowed to refuse to answer questions from the target company after stating the reason for the refusal, and the high likelihood that the maximum tender offer period will effectively be 30 business days, etc.

In light of these circumstances, we are consulting our shareholders at this General Meeting of Shareholders regarding the continuation of the Old Policy with partial amendments as detailed below, since we believe that continuing to ensure the provision of the necessary information and time for shareholders to make appropriate judgments regarding large-scale purchases of the Company's shares, and for negotiations, etc.

with purchasers, etc. to be conducted according to certain reasonable rules, is in accordance with our corporate value and ultimately also with the common interests of the shareholders, and since we believe it is necessary to establish certain rules regarding the provision of information and ensuring the time for consideration.

1. Basic Policy on Control of the Company

The Company believes that parties who control decisions regarding the Company's financial and business policies should fully understand the details of the Company's finances and businesses, the various sources of the Company's corporate value, and the relationships of trust with the stakeholders that sustain the Company, and that they should be capable of ensuring and enhancing the Company's corporate value, and ultimately, the common interests of its shareholders over the medium to long term.

In the event of a large-scale purchase by a large-scale purchaser (as defined in 3. (2), "Purchases of the Company's shares that the Policy applies to" below; the same applies hereinafter), the Company believes that whether to accept it should ultimately be decided based on the will of the shareholders. In addition, the Company believes that if a large-scale purchase of the Company's shares is made, it is not necessarily something to be categorically rejected, as long as it contributes to the Company's corporate value and ultimately to the common interests of its shareholders.

However, there are quite a few large-scale purchases that do not contribute to ensuring and enhancing the Company's corporate value and ultimately the common interests of its shareholders, such as those that may, judging by their purpose, etc., be detrimental to corporate value and ultimately also to the common interests of the shareholders, those that may effectively force shareholders to sell their shares, or those that fail to provide reasonably necessary and sufficient time or information for shareholders and the Board of Directors to review the details, etc. of the purchase offer or for the Board of Directors to present alternative proposals. In particular, in order to enhance corporate value based on the Company's vision, it is essential for us to fulfill our social responsibility as a manufacturer of oil-less bearings that possesses world-class proprietary technology, and to establish and maintain long-term relationships of trust and business with our customers. Unless the large-scale purchaser fully understands this fact, and ensures and enhances the Company's corporate value and ultimately the common interests of its shareholders over the medium to long term, the Company's corporate value and ultimately the common interests of its shareholders will be damaged.

The Company believes that parties that make such large-scale purchases that do not contribute to corporate value nor ultimately to the common interests of the shareholders are exceptionally unsuitable as parties that control decisions regarding the Company's financial and business policies, and that necessary and reasonable measures must be taken in response to large-scale purchases by such parties, in order to ensure the Company's corporate value and, ultimately, the common interests of its shareholders.

2. Special initiatives that contribute to the realization of the Basic Policy on Control of the Company

(1) **The Company's corporate philosophy**

The current management of the Company's business is founded on mastering the core technologies of friction, wear, and lubrication through creative R&D, deploying these globally, and thereby contributing to society, based on our management philosophy, "To become a world leader as a general manufacturer of oil-less bearings and serve society through technology."

Since its founding, the Company's corporate stance has been to contribute to society through technology, considering bearings to be not just "bearings" but "things that bear (withstand, support, convey and carry)." Based on this, we consider our mission to be to contribute to the

miniaturization and improved performance of equipment, energy saving, and lower pollution in all fields of industry, and to help create a society that is considerate of people's safety and comfort as well as the global environment, and we believe that putting these into practice is the source of the Company's corporate value.

Based on this, the Company has been engaged in the development of the following up till the present:

(i) **Oil-less bearings that require no lubrication or reduce the number of lubrications, supported by superior friction, wear, and lubrication technology**

(ii) **Seismic isolation and vibration control devices that protect precious human lives, homes, and urban functions such as transportation, communication, and energy supply from earthquake damage, and ensure safety**

(iii) **Smoke exhaust and smoke shielding systems that ensure safety in the event of a fire, and lighting, shading, and ventilation systems that control natural light and use refreshing breezes to save energy and provide a comfortable and safe living environment**

We also focus our efforts on developing high-performance products and technologies that are the world's first and the world's best, while responding to technological changes and needs such as those for automobiles. By constantly introducing new products to the market, we are strengthening our competitiveness in the market as a company that is indispensable. Regarding the production of such products, we have introduced and promoted the NPS (New Production System), a superior production method, to enhance production efficiency and pursue production activities that are environmentally friendly, acquiring ISO 14001 certification, the international standard for environmental management systems.

In addition, we are implementing an initiative for company-wide structural strengthening called "OTEC," aimed at "Pursuing revitalization = Creating a corporate culture that generates vitality" and "Pursuing efficiency = Constantly improving and enhancing business." We aim to continuously enhance corporate value by continuing to build a sound and strong corporate structure.

(2) **Initiatives to enhance corporate value through Medium- and Long-Term Management Plans, etc.**

Working toward realizing the management philosophy and sustainable improvement of corporate value, the Corporate Group has formulated "OILES 2030 VISION," a new Long-Term Vision that lays out how we want to be in 2030. While striving to solve social issues and improve corporate value through "Tribology & Damping," comprising technology of friction, wear, and vibration control, the Corporate Group's core technology, we will further contribute to the realization of a sustainable society through "+X" by "generating new technology and new business" and "advancing the management foundation." As for our targeted management indicators, we are targeting a ratio of operating profit to net sales of 15% or more and a ROE (return on equity) of 10% or more.

OILES 2030 VISION

"Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control + X"

-Targeted management indicators

・Ratio of operating profit to net sales of 15% or more

・ROE (return on equity) of 10% or more

We have formulated a new Medium-Term Management Plan 2024-2026 that starts from FY 2024 for three years as it advances towards the vision of how we want to be in 2030 based on this new Long-Term Vision. Under this medium-term management plan, the business divisions will actively conduct capital investment to drive business growth of the Oiles Group while the head office will establish a more-advanced in-house base and management infrastructure to support this growth. Together, the business divisions and the head office will work to achieve transformation and to evolve.

By pursuing the following policies of the Medium-Term Management Plan 2024-2026, we will continue to take on the challenge of achieving the growth strategies and realizing a more advanced management infrastructure.

[Medium-Term Management Policies 2024-2026]

1) Focus management resources on growth markets to achieve the leap forward to next-generation growth
2) Enhance productivity in all divisions by pursuing work reforms and production technique
3) Enhance corporate value in order to contribute to all stakeholders
4) Manage finances with capital efficiency in mind

(3) **Initiatives to enhance corporate value through strengthening corporate governance, etc.**

The Company positions corporate governance as an important management priority, and our basic approach is to strive to ensure and enhance the Company's progress, corporate value, and ultimately the common interests of its shareholders, through agile management decision-making in response to market changes, the development of a rational, sound, and highly transparent management system and organization through the delegation of authority, and implementation of necessary measures.

The corporate governance system of the Company is as follows:

(i) Outline of the System

We introduced an Operating Officer system in June 2003, in order to make the division between business execution functions and supervisory/monitoring functions clear and to strengthen the function of the Board of Directors by speeding up and improving the efficiency of decision-making regarding management strategies. In addition, we have appointed two (2) outside Directors and two (2) outside Audit & Supervisory Board Members, in order to further enhance the transparency and fairness of management through the active promotion of outside talent.

Also, we split up the Bearing Division into the General Bearing Division and the Automotive Bearing Division from April 2023 in order to speed up decision-making and to clearly define responsibilities for the businesses, and newly established the Production Division in an effort to strengthen the production system. By placing Operating Officers in charge of business divisions, we have clearly defined the roles and responsibilities of the Board of Directors and executive departments, and are promoting agile management by delegating the authority to execute business to Operating Officers.

Furthermore, we believe that it is necessary to make management decisions more agile and to further enhance the supervisory function of the Board of Directors in order to steadily promote the Medium-Term Management Plan that started in FY 2024 as well. As part of such efforts, by transitioning to a company with an Audit and Supervisory Committee, we will enable prompt management decision-making and business execution, and strengthen the supervisory function

of the Board of Directors by appointing Directors who are Audit and Supervisory Committee Members with the voting rights, etc., at Board of Directors meetings.

(ii) Voluntary Nominating and Compensation Committees

Regarding the nomination of Directors and the determination of compensation for Directors and Operating Officers, a voluntary Nominating Committee and Compensation Committee were established as advisory bodies to the Board of Directors at the Board of Directors meeting held on October 25, 2018, with the aim of ensuring the objectivity, transparency, and fairness of the related decision-making processes. The Board of Directors determines the details of such nominations and compensations after going through the process of consultations and findings with both Committees.

(iii) Sustainability Promotion Council

Recognizing that initiatives to resolve sustainability issues, including the SDGs set by the United Nations, not only contribute to the sustainable development of society but also to the enhancement of the Company's corporate value, we have positioned contributing to the resolution of sustainability issues, represented by "Environment," "Social," and "Governance," as the main axis of our corporate activities. Based on this, we have established a system to understand and promote sustainability issues that will contribute to enhancing corporate value over the medium to long term, such as by establishing the Sustainability Promotion Council, which is chaired by the President and attended by all Directors.

Additionally, recognizing that thorough compliance is essential for a company to continue to exist, we are striving to establish a compliance management system based on "Liberty & Law," one of our company visions. One example is the Compliance Sub-Committee, an organization that supervises overall compliance and reports directly to the Sustainability Promotion Council. The Compliance Sub-Committee promotes, provides education on, and carries out training regarding compliance in accordance with the Oiles Group Corporate Conduct Charter and the Corporate Code of Conduct, as well as establishing and operating a whistle-blowing system.

(iv) Evaluation of the effectiveness of the Board of Directors

Every year since FY2015, the Company has analyzed and evaluated the effectiveness of the Board of Directors based on each Director's self-evaluation, etc., in an effort to enhance the function of the Board of Directors. Regarding the evaluation of the effectiveness of the Board of Directors, we conduct a survey using a questionnaire for each Director and Audit & Supervisory Board Member who attend the Board of Directors meetings, and the Board of Directors analyzes and evaluates the aggregated results. The Company will strive to further enhance and strengthen its corporate governance system in order to further heighten the effectiveness of the Board of Directors.

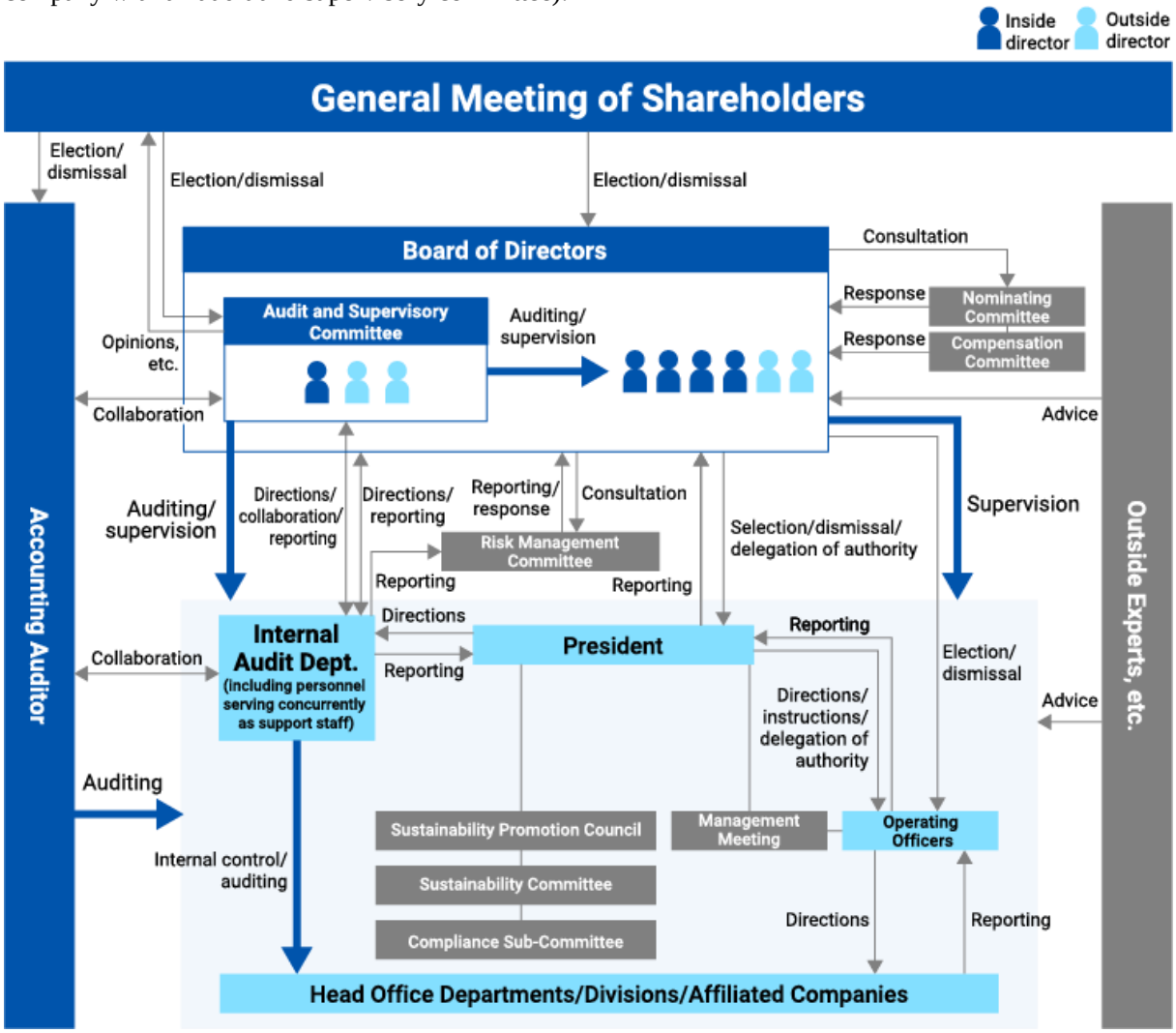
(v) Basic approach to and system for risk management

Based on the Group Risk Management Rules, the Corporate Group identifies and understands in an integrated manner various risks that may affect the Company and its subsidiaries, and, in addition to preventing the risks, quickly and accurately responds to them when they arise, in order to minimize damage, prevent recurrence, and protect the Group's corporate value.

We had established the Risk Management Sub-Committee, an organization that aimed to identify and prevent various risks related to the Company's businesses, respond quickly and accurately when a risk arises, and prevent recurrence, and which reported directly to the Sustainability Promotion Council. However, we established it as the Risk Management Committee, an advisory body to the Board of Directors, from April 2024.

By continuing to promote the measures described above, the Company will strive to strengthen and improve its corporate governance, which will lead to the further ensuring and enhancement of the Company's corporate value and ultimately the common interests of its shareholders.

Our corporate governance structure is as follows (this is the planned structure after we transition to a company with an audit and supervisory committee):



(4) **Proactively returning profits to shareholders**

The Company will aim for a dividend payout ratio of 40% or more, in keeping with its basic policy of making stable and continuous dividend payments to shareholders, based on the business results for the full year and forecasts of future performance, while taking into consideration investments to strengthen the foundation for future management and returning profits to shareholders. In addition, the Company will consider agile responses regarding the purchase of treasury shares based on market trends, comprehensively considering internal reserves for medium- and long-term growth.

Regarding dividends, since continuing with the Old Policy, we paid an annual dividend of 55 yen per share for the fiscal year ended March 2022 (consolidated dividend payout ratio of 40.0%) and 55 yen per share for the fiscal year ended March 2023 (consolidated dividend payout ratio of 41.5%), and based on business forecasts and future growth, we plan to pay a dividend of 75 yen per share for the fiscal year ended March 2024 (consolidated dividend payout ratio of 42.2%).

We will continue to strive to return profits to shareholders from a long-term perspective in the future as well.

3. **Contents of the Policy (efforts to prevent unsuitable parties from controlling decisions regarding the Company's financial and business policies in light of the Basic Policy on Control of the Company)**

(1) **Purpose of continuing the Policy**

The Policy represents the continuation of the Old Policy with partial amendments that were made in an effort to prevent unsuitable parties from controlling decisions regarding the Company's financial and business policies, in light of the Basic Policy on Control of the Company prescribed in Article 118, Item (iii) (b) 2 of the Regulations for Enforcement of the Companies Act.

Even if a large-scale purchase of the Company's shares is made, the Company does not necessarily consider the party to be unsuitable to control decisions regarding the Company's financial and business policies, as long as its purpose, etc. contributes to ensuring and enhancing the Company's corporate value and ultimately the common interests of its shareholders. Furthermore, in the event that a large-scale purchase involving the transfer of control is made, we believe that the decision as to whether to agree to it or not should ultimately be reached based on the will of the shareholders. And in order for shareholders to make appropriate judgments, we believe that it is essential for both the large-scale purchaser and the Company's Board of Directors to provide them with necessary and sufficient information. In particular, since it is necessary to have an in-depth understanding of the Company's business content and the technologies it possesses in order to accurately grasp the Company's corporate value, it is extremely important for shareholders to consider, when evaluating and reviewing a large-scale purchase by a large-scale purchaser, not to refer only to the information provided by the large-scale purchaser, but also to evaluations and opinions regarding the large-scale purchase provided by the Company's Board of Directors, which has a thorough knowledge of the Company's business content and the technologies it possesses.

However, as described above, there are quite a few large-scale purchases that do not contribute to ensuring and enhancing the Company's corporate value and ultimately the common interests of its shareholders, such as those that may, judging by their purpose, etc., be detrimental to corporate value and ultimately also to the common interests of the shareholders, those that may effectively force shareholders to sell their shares, those that do not provide reasonably necessary and sufficient time or information for shareholders and the Board of Directors to review the details, etc. of the purchase offer or for the Board of Directors to present alternative proposals, those with conditions, etc. regarding the purchase that are markedly insufficient or inappropriate considering the Company's corporate value and the common interests of its shareholders, or those that are intended to destroy the relationships with stakeholders that are essential for maintaining and increasing the Company's corporate value.

In light of the above circumstances, the Company's Board of Directors, believing that ensuring the provision of the necessary information and time for shareholders to make appropriate judgments in the event of a large-scale purchase of the Company's shares, and for negotiations, etc. with Purchasers, etc. to be conducted according to certain reasonable rules, is in accordance with the Company's corporate value and ultimately with the common interests of the shareholders, have established certain rules regarding the provision of information and the ensuring of time for consideration at the time of a large-scale purchase, as detailed below (hereinafter referred to as "Large-Scale Purchase Rules"), as a policy for responding to large-scale purchases made by unsuitable parties in light of the Basic Policy on Control of the Company, and on condition that it is approved by shareholders at this General Meeting of Shareholders, we have decided to continue the Old Policy with partial amendments in the form of the Policy.

Please refer to Attached Document 2 for an overview of the Policy (the flow chart in the event a Large-Scale Purchase is initiated).

(2) **Purchases of the Company's shares that the Policy applies to**

Purchases of the Company's shares that the Policy applies to are: (1) Purchases of the Company's share certificates, etc.[1] for the purpose of increasing the percentage of voting rights[2] of a specific shareholder group[3] to 20% or more; (2) purchases of the Company's share certificates, etc. that result in a specific shareholder group holding 20% or more of voting rights (regardless of the specific method of purchase, such as whether it was done through market transactions or tender offers, in either case), or agreements or other acts with other shareholders of the Company (including cases involving more than one shareholder; the same applies hereinafter) that would result in those other shareholders falling under the category of joint holder, or establishing[4] relationships with those other shareholders in which one party effectively controls the other, or in which they act jointly or in cooperation[5] (limited to cases where the percentage of voting rights of a specific shareholder group comes to 20% or more as a result. Hereinafter, acts that fall under any of the above (excluding cases which the Company's Board of Directors has agreed to in advance) are referred to as "Large-Scale Purchase(s)," and those who engage in large-scale purchases are referred to as "Large-Scale Purchaser(s)").

(3) **Establishment of a Special Committee**

In order to properly implement the Policy, prevent arbitrary judgments from being made by the Board of Directors, and ensure the objectivity and reasonableness of such judgments, the Company's Board of Directors will establish a Special Committee, based on the Special Committee Regulations (for the outline, please refer to Attached Document 3). The Special Committee will consist of three (3) or more members, and will be chosen from outside Directors who are independent from the management team that executes the Company's business, in order to allow for fair and impartial judgments. Furthermore, outside Directors Yasuji Omura and Rika Miyagawa, and outside Audit & Supervisory Board Member Tatsuhiro Maeda, who are currently members of the Special Committee established under the Old Policy, will continue to serve as Special Committee members after the continuation of the Policy, with outside Audit & Supervisory Board Member Takeo Sakakibara newly appointed as a member (Please refer to Attached Document 4 for their career summaries).

In principle, the Special Committee will be consulted when making important decisions relating to the Policy, such as executing countermeasures when a Large-Scale Purchaser does not adhere to the Large-Scale Purchase Rules as in 5. (1) below, or executing countermeasures as an exception when a Large-Scale Purchaser adheres to the Large-Scale Purchase Rules as in 5. (3) below, etc., and the Company's Board of Directors shall respect its recommendations to the fullest extent possible.

Also, in order to ensure that the Special Committee's decisions are made in a manner that contributes to the Company's corporate value and ultimately the common interests of its shareholders, the Special Committee may consult independent third parties such as lawyers, accountants, financial advisors, and other outside experts as necessary at the Company's expense.

(4) **Other**

If there are revisions (including changes in the names of laws and regulations, etc., and the enactment of new laws and regulations, etc. that succeed previous laws and regulations, etc.) to the Companies Act, the Financial Instruments and Exchange Act, and other laws, as well as related regulations, cabinet orders, Cabinet Office ordinances, ministerial ordinances, etc. (hereinafter collectively referred to as "Laws and Regulations, etc."), and if they come into force, the provisions of the Laws and Regulations, etc. cited in the Policy shall be replaced, unless otherwise

specified by the Company's Board of Directors, with the respective provisions of the revised Laws and Regulations, etc. that effectively succeed such provisions.

4. Contents of the Large-Scale Purchase Rules

(1) Outline

The Large-Scale Purchase Rules established by the Company state that the Large-Scale Purchaser shall provide necessary and sufficient information to the Company's Board of Directors in advance, allowing for a period of time to evaluate and review the Large-Scale Purchase on the basis of such information at meetings of the Company's Board of Directors and the General Meeting of Shareholders, and only after such a period of evaluation and review has elapsed shall the Large-Scale Purchaser be able to initiate a Large-Scale Purchase.

(2) Advance submission of a statement of intent to the Company, and provision of necessary information to the Company, by the Large-Scale Purchaser

(i) Large-Scale Purchasers planning to make a Large-Scale Purchase shall first submit to the Company's Board of Directors a statement of intent listing the information, etc., set forth below, including a legally binding pledge to adhere to the Large-Scale Purchase Rules, in Japanese and in a format specified by the Company, before making a Large-Scale Purchase or proposing a Large-Scale Purchase.

(a) Name of the Large-Scale Purchaser

(b) Address of the Large-Scale Purchaser

(c) Name of the representative

(d) If the Large-Scale Purchaser resides overseas, the governing law of establishment and contact information in Japan

(e) Outline of the proposed Large-Scale Purchase

(f) Pledge to adhere to the Large-Scale Purchase Rules set forth in the Policy

(ii) The Company's Board of Directors shall, within 10 business days from the day of receipt of the letter of intent listing all the information from (2)(i)(a) to (f), issue a document that sets down the necessary information regarding the Large-Scale Purchase (hereinafter referred to as "Necessary Information") in the form of a list (hereinafter referred to as "List of Necessary Information") to the Large-Scale Purchaser. Following which, the Large-Scale Purchaser shall submit a written response to the List of Necessary Information that includes the Necessary Information in Japanese to the Company's Board of Directors.

The specific contents of such Necessary Information will vary depending on the attributes of the Large-Scale Purchaser and the details of the Large-Scale Purchase, but the general items are as follows.

(a) Details (including information related to the Large-Scale Purchaser's name, business content, career summary or history, capital structure, financial details, information regarding its internal control system, relationship with antisocial forces, etc., transactions involving the Company's share certificates, etc. by the Large-Scale Purchaser during the 60 days prior to submission of the letter of intent, experience in businesses similar to those of the Company and the Corporate Group, and potential for future competition, etc.) of the Large-Scale Purchaser and its group (includes joint holders, specially related parties, major shareholders or investors, and important subsidiaries and affiliated

companies; if the Large-Scale Purchaser is a fund or a business entity related to its investment, includes major partners and investors (whether direct or indirect), and other members, managing partners, and persons who continuously provide investment advice)

(b) Purpose (if there is any purpose such as acquisition of control, participation in management, financial investment or strategic investment, transfer etc. of the Company's share certificates to a third party after the Large-Scale Purchase, or to make a material proposal, etc. (this refers to a "material proposal, etc." as defined in Article 27-26, paragraph (1) of the Financial Instruments and Exchange Act), or any other purpose, includes a statement to that effect and a summary thereof. In addition, if there are multiple purposes, all of them should be listed), method, and content (includes the class and number of the Company's share certificates, etc. to be acquired by the Large-Scale Purchase, the amount and type of consideration for the Large-Scale Purchase, timing of the Large-Scale Purchase, structure of related transactions, policy for recovery of invested capital, legality of the method of the Large-Scale Purchase, regulatory matters under domestic and foreign laws and regulations that may be applicable to the Large-Scale Purchase, whether permits and approvals, etc. will be maintained after completion of the Large-Scale Purchase, possibility of regulatory compliance, feasibility of the Large-Scale Purchase and related transactions, and if there are plans to further acquire the Company's shares after the completion of the Large-Scale Purchase, a statement to that effect and the reasons for such acquisition, if any, and if there is a possibility of the Company's share certificates, etc. being delisted after the completion of the Large-Scale Purchase, a statement to that effect and the reasons for such delisting, if any. Furthermore, regarding the legality of the method of the Large-Scale Purchase, a written opinion by a qualified attorney shall also be submitted.)

(c) Basis for the calculated acquisition price for the Company's shares and how the calculation was arrived at (including facts that the calculation was based on, calculation method, what entity performed the calculation and information concerning that calculating entity, numerical information used in the calculation, details of the synergies envisioned from the series of transactions related to the Large-Scale Purchase, and the specific names of suppliers of funds (including actual providers), financing method, and details of related transactions)

(d) Management policies, business plans, financial plans, capital policies, dividend policies, asset utilization measures, etc. regarding the Company and the Corporate Group envisaged after the completion of the Large-Scale Purchase (including opinions on specific measures to avoid conflicts of interest between the Large-Scale Purchaser and the Company and its shareholders; hereinafter referred to as "Post-Purchase Management Policies, etc.")

(e) The envisioned composition of officers of the Company and the Corporate Group after the completion of the Large-Scale Purchase (including the names and career summaries of the candidates, whether the candidates have given their informal consent regarding the appointments, and their experience in businesses similar to those of the Company and the Corporate Group, etc.)

(f) Whether there will be changes in the relationship between the Company and the Corporate Group and stakeholders such as customers, business partners, employees etc. of the Company and the Corporate Group after the completion of the Large-Scale Purchase, and the details of such changes

(g) Other information that the Company's Board of Directors reasonably determines to be necessary

The Company's Board of Directors may set a deadline, if needed, for the Large-Scale Purchaser to submit the information, from the perspective of quickly implementing the Large-Scale Purchase Rules. However, if the Large-Scale Purchaser requests an extension based on reasonable grounds, the deadline may be extended.

In addition, if, based on the above, after close examination of the Necessary Information that was initially provided, the Company's Board of Directors deems such Necessary Information to be insufficient as information needed to evaluate and review the Large-Scale Purchase for the Company's shareholders to make judgments or the Company's Board of Directors to form opinions, the Company's Board of Directors may set a reasonable time limit as appropriate (of up to 60 days from the initial date of receipt of such Necessary Information), and request the additional provision of information from the Large-Scale Purchaser until the Necessary Information is complete.

In addition, if the Large-Scale Purchaser provides a reasonable explanation regarding why it is difficult to provide parts of such Necessary Information despite the Company's Board of Directors having requested additional provision of such Information, the Board may conclude negotiations, etc. regarding the provision of information with the Large-Scale Purchaser, even if such Necessary Information requested by the Company's Board of Directors is incomplete, and begin reviewing the Information as in (3) below.

(iii) The Company's Board of Directors shall disclose the fact that a Large-Scale Purchase has been proposed in a timely and appropriate manner, in accordance with laws and regulations and the rules of the financial instruments exchange on which the Company is listed. In addition, if the Necessary Information provided to the Company's Board of Directors is deemed necessary for the Company's shareholders to make judgments, the Necessary Information shall be disclosed in a timely and appropriate manner, in accordance with laws and regulations and the rules of the financial instruments exchange on which the Company is listed.

Furthermore, if the Company's Board of Directors determines that the Large-Scale Purchaser has submitted all of the Necessary Information that is necessary and sufficient to evaluate and review the Large-Scale Purchase, the Company's Board of Directors shall send a notification to that effect to the Large-Scale Purchaser, and disclose that information in a timely and appropriate manner, in accordance with laws and regulations and the rules of the financial instruments exchange on which the Company is listed.

(3) **Evaluation, review, etc. of the Necessary Information by the Company's Board of Directors**

(i) After the Large-Scale Purchaser has completed the submission of the Necessary Information to the Company's Board of Directors, the Company's Board of Directors shall set a period of time to evaluate, review, negotiate, form opinions, and formulate alternative proposals (hereinafter referred to as the "Board of Directors Evaluation Period") which is appropriate

considering the difficulty of evaluating, etc. Large-Scale Purchases, of up to 60 days for a proposed purchase of all of the Company's shares through a tender offer with only cash (yen) as the consideration, and up to 90 days for other Large-Scale Purchases.

(ii) During the Board of Directors Evaluation Period, the Company's Board of Directors shall thoroughly evaluate and review the Necessary Information provided, receiving advice from independent third parties such as lawyers, accountants, and financial advisors as necessary. The Company's Board of Directors, respecting the Special Committee's recommendations to the fullest extent possible, shall compile its opinions and disclose them 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.

(iii) The Company's Board of Directors may, if necessary, conduct negotiations with the Large-Scale Purchaser regarding improvements to the terms of the Large-Scale Purchase, or provide the shareholders with alternative proposals.

(4) **Resolution by the Board of Directors and convening of a General Meeting of Shareholders**

The Company's Board of Directors shall respect the Special Committee's recommendations to the fullest extent possible, and after thoroughly reviewing the necessity, appropriateness, etc. of taking countermeasures (specifically, the gratis allotment of stock acquisition rights), shall pass a resolution as an organ under the Companies Act concerning whether or not to trigger countermeasures, etc.

In addition, regarding the triggering of countermeasures, in the event that a Large-Scale Purchaser does not adhere to the Large-Scale Purchase Rules and the Company's Board of Directors decides to hold a General Meeting of Shareholders to confirm the intentions of the shareholders regarding the triggering of countermeasures (see 5. (1) below), or in the event that a Large-Scale Purchaser adheres to the Large-Scale Purchase Rules (see 5. (3) below), the Company's Board of Directors shall set a period of up to 60 days (hereinafter referred to as the "Shareholder Review Period") for shareholders to thoroughly consider whether or not to trigger countermeasures pursuant to the Policy, and hold a General Meeting of Shareholders of the Company during this Shareholder Review Period.

In such cases, the Company's Board of Directors shall promptly carry out procedures for convening a General Meeting of Shareholders of the Company, at which a proposal concerning the triggering of countermeasures will be presented for approval. Specifically, it shall set a record date to determine the shareholders who are eligible to exercise voting rights at that General Meeting of Shareholders, and provide public notice at least two (2) weeks prior to the record date. The shareholders who are eligible to exercise voting rights at that General Meeting of Shareholders shall be those recorded in the final shareholder registry as of the record date.

If the Company's Board of Directors passes a resolution to convene a General Meeting of Shareholders and decides on a record date, the Board of Directors Evaluation Period shall end on that date, and the Shareholder Review Period shall begin immediately after.

When convening such a General Meeting of Shareholders, the Company's Board of Directors shall send shareholders written material that includes the Necessary Information submitted by the Large-Scale Purchaser, the Board of Directors' opinions of the Necessary Information, the recommendations of the Special Committee, the Board of Directors' alternative proposals and other information that the Company's Board of Directors deems appropriate, together with the notice of convocation of the General Meeting of Shareholders, and shall 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.

The Company's Board of Directors shall comply with the resolutions of that General Meeting of Shareholders regarding whether or not to trigger countermeasures. Specifically, if a proposal to trigger countermeasures is rejected at that General Meeting of Shareholders, the Company's Board of Directors shall not trigger countermeasures. In such cases, the Shareholder Review Period shall end at the time of conclusion of that General Meeting of Shareholders. On the other hand, if a proposal to trigger countermeasures is approved at that Ordinary General Meeting of Shareholders, the Company's Board of Directors shall promptly pass the resolutions needed to trigger countermeasures after the conclusion of that General Meeting of Shareholders. In such cases, the Shareholder Review Period shall end at the time of conclusion of that Board of Directors meeting. In addition, the results of that General Meeting of Shareholders shall be disclosed in a timely and appropriate manner following the resolution of that General Meeting of Shareholders, in accordance with laws and regulations and the rules of the financial instruments exchange on which the Company is listed.

(5) **Large-scale purchase waiting period**

If a Shareholder Review Period is not set, the large-scale purchase waiting period shall be from the date the statement of intent described in (2) (i) above is submitted to the Company's Board of Directors until the end of the Board of Directors Evaluation Period; and if a Shareholder Review Period is set, from the date the statement of intent described in (2) (i) above is submitted to the Company's Board of Directors until the end of the combined periods of the Board of Directors Evaluation Period and Shareholder Review Period. Also, Large-Scale Purchases, including the initiation of tender offers, may not be conducted during the large-scale purchase waiting period. Therefore, Large-Scale Purchases may be initiated only after the large-scale purchase waiting period is over.

5. **Responses in the event of a Large-Scale Purchase**

(1) **If the Large-Scale Purchaser does not adhere to the Large-Scale Purchase Rules**

If the Large-Scale Purchaser does not adhere to the Large-Scale Purchase Rules, regardless of the specific purchase method, the Company's Board of Directors shall, in principle, decide to hold a General Meeting of Shareholders as soon as possible in order to ensure and enhance the Company's corporate value and ultimately the common interests of our shareholders over the medium to long term, and following such a decision, shall promptly convene a General Meeting of Shareholders to ask shareholders to decide whether or not to trigger countermeasures. The holding of the General Meeting of Shareholders and subsequent responses, etc. depending on the approval or rejection of the proposal are as described in 4. (4) above.

However, if it is deemed impossible or difficult to hold a General Meeting of Shareholders before a Large-Scale Purchase is made due to the lack of cooperation on the part of the Large-Scale Purchaser in ensuring the time necessary to hold a General Meeting of Shareholders, or for any other reason, the Company's Board of Directors shall, in principle, take countermeasures to oppose the Large-Scale Purchase, regardless of the specific purchase method, in order to protect the Company's corporate value and ultimately the common interests of its shareholders. The Company's Board of Directors shall respect the Special Committee's recommendations to the fullest extent possible when judging whether the Large-Scale Purchaser has adhered to the Large-Scale Purchase Rules, judging whether it is impossible or difficult to hold a General Meeting of Shareholders before a Large-Scale Purchase is made, and judging whether countermeasures should be triggered upon deeming the Large-Scale Purchaser not to have adhered to the Large-Scale Purchase Rules. Cases where the gratis allotment of stock acquisition rights is carried out as a countermeasure are, in principle, as outlined in Attached Document 5 of this Notice), but when

actually carrying out the gratis allotment of stock acquisition rights, the Board of Directors may set a time period and other conditions for exercising such rights with an eye toward its effectiveness as a countermeasure, such as making the exercise of stock acquisition rights conditional on the shareholder not belonging to a specific group of shareholders whose percentage of voting rights exceeds a certain percentage.

The Company's Board of Directors shall disclose a summary of the recommendations by the Special Committee and other matters deemed necessary by the Special Committee, following a resolution by the Company's Board of Directors, 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.

(2) **If the Large-Scale Purchaser adheres to the Large-Scale Purchase Rules**

If the Large-Scale Purchaser adheres to the Large-Scale Purchase Rules, even if the Company's Board of Directors is opposed to that Large-Scale Purchase, it shall limit its actions to convincing shareholders by such actions as expressing its opinion against that Large-Scale Purchase or presenting alternative proposals, and, in principle, shall not execute any countermeasures against that Large-Scale Purchase.

The shareholders shall decide whether to agree to the Large-Scale Purchaser's Large-Scale Purchase, taking into consideration that Large-Scale Purchase and the opinions and alternative proposals, etc. regarding that Large-Scale Purchase presented by the Company.

(3) **Exceptional measures for when a Large-Scale Purchaser adheres to the Large-Scale Purchase Rules**

Even if the Large-Scale Purchase Rules are adhered to, in cases where it is determined that the Company's corporate value and ultimately the common interests of its shareholders will be significantly impaired by that Large-Scale Purchase due to its falling under, for example, any of the following (a) to (h), resulting in irreparable damage to the Company, the Company's Board of Directors, in accordance with the duty of care for Directors and upon recommendation of the Special Committee, may, as an exception, decide to hold a General Meeting of Shareholders within the Board of Directors Evaluation Period and promptly convene a General Meeting of Shareholders following such a decision to ask shareholders to decide whether or not to trigger countermeasures. The holding of the General Meeting of Shareholders and subsequent responses, etc. depending on the approval or rejection of the proposal are as described in 4. (4) above. When reviewing and determining whether or not the Large-Scale Purchase will significantly impair the Company's corporate value and ultimately the common interests of its shareholders, the Company's Board of Directors shall, in order to ensure the objectivity and reasonableness of its judgment, review the specific details of the Large-Scale Purchaser and the Large-Scale Purchase (purpose, method, target, type and amount of consideration for the acquisition, etc.) as well as the impact of that Large-Scale Purchase on the common interests of our shareholders based on the Necessary Information, including the Post-Purchase Management Policies, etc. provided by the Large-Scale Purchaser, and with the advice of outside experts such as lawyers, accountants, and financial advisors, and, after the recommendations from the Special Committee, arrive at a judgment.

In addition, as in (1) above, the Company's Board of Directors shall disclose a summary of the recommendations by the Special Committee and other matters deemed necessary by the Special Committee, following a resolution by the Company's Board of Directors, 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.

(a) If it is a case of so-called "greenmail"

Cases where a party is acquiring share certificates, etc. for the sole purpose of inflating the share price and forcing Company officials to repurchase the share certificates, etc. at high prices, even though that party has no intention of truly participating in the management of the Company, or when the purpose of acquiring share certificates, etc. is primarily to realize short-term gains in profit

(b) If the purpose is so-called "scorched earth"

Cases where a party is acquiring share certificates, etc. for the purpose of so-called "scorched earth" management, by temporarily controlling the management of the Company and transferring intellectual property rights, know-how, trade secrets, major business partners, customers, etc. necessary for managing the businesses of the Company and the Corporate Group to the Large-Scale Purchaser or its group company, etc.

(c) If the purpose is to divert assets

Cases where a party is acquiring share certificates, etc. with the intention of diverting the assets of the Company or the Corporate Group as collateral for the debts of the Large-Scale Purchaser or its group company, etc., or as funds for repayment, after assuming control of the management of the Company

(d) If the purpose is to pay out high dividends or selling off and exiting

Cases where a party is acquiring share certificates, etc. to assume temporary control of the management of the Company or to force the Company to sell or otherwise dispose of high-value assets such as real estate and securities that are not currently relevant to the Corporate Group's business, in order to use the proceeds from such disposals to force the Company to temporarily pay out high dividends, or to take advantage of a sharp rise in share prices due to temporarily high dividends in order to sell off the shares at high prices and exit

(e) If it is a coercive two-step acquisition, etc.

Cases where it is determined that the acquisition, etc. may effectively force shareholders to sell their shares in the Company, such as purchasing share certificates, etc. through tender offers, etc. without soliciting the purchase of all shares in the initial stage of the purchase and by setting unfavorable or unclear conditions for the second stage of the purchase

(f) If the purchase conditions are determined to be insufficient

If it is determined that the purchase conditions for the Company's shares proposed by the Large-Scale Purchaser (including but not limited to the type and amount of purchase consideration, basis for calculating that amount, and the specific details, legality and feasibility of other terms) are markedly insufficient or inappropriate, in light of the Company's corporate value and ultimately the common interests of its shareholders

(g) If the management policy is determined to be insufficient

If it is determined that, because the Large-Scale Purchaser's Post-Purchase Management Policies, etc. are insufficient or inappropriate, the growth potential and stability of the

Corporate Group's businesses may be undermined and the Company's corporate value and ultimately the common interests of its shareholders may be seriously impaired

(h) If corporate value is damaged

Cases where it is determined that the Company's corporate value and the common interests of its shareholders may be significantly impaired by the acquisition of control by the Large-Scale Purchaser, by destroying the Company's relationships not only with the Company's shareholders but also those with its customers, business partners, employees, creditors, and other interested parties, which are essential for sustainably growing the corporate value of the Corporate Group; or, comparing future corporate value over the medium to long term, if the Company's corporate value in the event that the Large-Scale Purchaser acquires control of the Company is determined to be significantly inferior compared to the Company's corporate value in the event that the Large-Scale Purchaser does not acquire control of the Company

(4) **Suspension of or changes in the triggering of countermeasures**

If, after the Company's Board of Directors or the General Meeting of Shareholders passes a resolution to execute specific countermeasures as in (1) or (3) above, the Company's Board of Directors determines it is not necessary to trigger countermeasures for reasons such as the Large-Scale Purchaser withdrawing or making changes to the Large-Scale Purchase, the Board of Directors may suspend or change, etc. the triggering of countermeasures, respecting the Special Committee's recommendations to the fullest extent possible. In the event a gratis allotment of stock acquisition rights is carried out as a countermeasure, even after the Company's Board of Directors has resolved to carry out a gratis allotment or after a gratis allotment has already been carried out, if the Company's Board of Directors determines that the triggering of countermeasures is inappropriate due to such reasons as the Large-Scale Purchaser withdrawing or making changes to the Large-Scale Purchase, the Board of Directors may, respecting the Special Committee's recommendations to the fullest extent possible, suspend the triggering of countermeasures by canceling the gratis allotment of stock acquisition rights up till the day before the effective date of the gratis allotment of stock acquisition rights, or, if the gratis allotment of stock acquisition rights has already been carried out, having the Company acquire those stock acquisition rights gratis up till the day before the start of the exercise period. If the Company's Board of Directors suspends or changes, etc. the triggering of such countermeasures, it will disclose that fact 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.

6. **Impact on shareholders and investors**

(1) **Impact, etc. of Large-Scale Purchase Rules on shareholders and investors**

The purpose of the Large-Scale Purchase Rules is to provide shareholders with the information necessary to decide whether or not to agree to a Large-Scale Purchase, as well as with the opinions, etc. of the Company's Board of Directors which is currently responsible for the management of the Company. This will enable shareholders to make appropriate decisions regarding whether or not to agree to the Large-Scale Purchase, taking into consideration sufficient information and proposals, and we believe that this will protect the Company's corporate value and ultimately the common interests of its shareholders. Therefore, we believe that the establishment of Large-Scale Purchase Rules is a prerequisite for shareholders and investors to make appropriate decisions, and will contribute to the interests of our shareholders and investors.

Also, as described in 5. "Responses in the event of a Large-Scale Purchase" above, because the Company's response to Large-Scale Purchases will differ depending on whether or not the Large-

Scale Purchaser adheres to the Large-Scale Purchase Rules, shareholders and investors are requested to pay close attention to the actions of Large-Scale Purchasers.

(2) **Impact, etc. on shareholders and investors if countermeasures are triggered**

If the Large-Scale Purchaser has not adhered to the Large-Scale Purchase Rules, or even if the Large-Scale Purchase Rules are adhered to, if it is determined that the Company's corporate value and ultimately the common interests of its shareholders will be significantly impaired by the Large-Scale Purchase by causing irreparable damage to the Company, the Company's Board of Directors, in order to protect the Company's corporate value and ultimately the common interests of our shareholders, may take countermeasures (gratis allotment of stock acquisition rights), but considering how the countermeasure is structured, we do not expect a situation to arise in which our shareholders (excludes Large-Scale Purchasers who have violated the Large-Scale Purchase Rules and persons who have a certain relationship with them; as well as Large-Scale Purchasers who are carrying out Large-Scale Purchases that are deemed to significantly impair the interests of the Company's shareholders as a whole, and persons who have a certain relationship with them. The same shall apply hereinafter in this item) suffer any significant losses, either in terms of legal rights or economic aspects.

If gratis allotment of stock acquisition rights is carried out as a countermeasure, the allotment will be made to the shareholders recorded in the shareholder registry as of the allotment date of the stock acquisition rights. Shareholders will be allotted stock acquisition rights without the need to subscribe for them, and since they will receive the Company's shares as consideration for the acquisition of stock acquisition rights without paying in the money equivalent to the exercise price of the stock acquisition rights due to the Company processing their acquisition of stock acquisition rights, there is no need for procedures such as subscriptions or payments. However, in such cases, the Company may require the shareholders receiving the allotment of stock acquisition rights to separately submit a written pledge in a format designated by the Company that they are not Large-Scale Purchasers, etc.

Furthermore, even after the stock acquisition rights allotment date or after the stock acquisition rights become effective, the Company may cancel the allotment of stock acquisition rights by the day before the start date of the exercise period for stock acquisition rights, or the Company may acquire stock acquisition rights gratis without delivering Company's shares in exchange for the stock acquisition rights, due to such circumstances as, for example, the Large-Scale Purchaser withdrawing the Large-Scale Purchase, etc. In such cases, shareholders or investors who have bought or sold shares based on the premise that the value of each share will be diluted may suffer corresponding losses due to fluctuations in share price.

7. Commencement of application, effective period, continuation and abolishment of the Policy

The Policy shall become effective upon approval by shareholders at this General Meeting of Shareholders, and its effective period shall be until the time of conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year among the fiscal years ending within three (3) years from the time of conclusion of this General Meeting of Shareholders (the 76th Ordinary General Meeting of Shareholders of the Company, scheduled to be held in June 2027).

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

Furthermore, even during the effective period of the Policy, the Company's Board of Directors may review it from time to time from the perspective of enhancing corporate value and ultimately the common interests of the shareholders, and may make changes to the Policy with the approval of the General Meeting of Shareholders.

In this way, if a decision is made to continue, change, or abolish the Policy, the Company's Board of Directors will disclose the details 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.

Furthermore, even during the effective period of the Policy, the Company's Board of Directors may change the contents of the Policy as necessary with the approval of the Special Committee, provided that such changes do not disadvantage the shareholders, if laws and regulations related to the Policy have been newly established, revised or abolished, and it is appropriate to reflect such new establishment, revision or abolition; if it is appropriate to correct the wording due to typographical errors, etc.; and in consideration of future trends in judicial decisions, etc. and in response to financial instruments exchanges and other public institutions, etc.

If the Company's Board of Directors believes that such changes concern fundamental aspects of the Policy and it is necessary to confirm the intentions of the shareholders, the Board of Directors shall consult the shareholders anew on changes to the Policy at a General Meeting of Shareholders.

8. Reasonableness of the Policy (on the Policy being in line with the Basic Policy on Control of the Company and in accord with the Company's corporate value and ultimately the common interests of its shareholders, with its purpose not being in maintaining the position of the Company's officers)

(1) Satisfies the requirements of the guidelines on policies for responding to acquisitions

The Policy satisfies the three principles (the principle of ensuring and improving corporate value and the common interests of shareholders, the principle of prior disclosure and shareholders' intent, and the principle of ensuring necessity and reasonableness) set forth in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests" released by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice on May 27, 2005, as well as the three principles (the principle of corporate value and shareholders' common interests, the principle of shareholders' intent, and the principle of transparency) set forth in the "Guidelines for Corporate Takeovers" released by the Fair Acquisition Study Group established within METI on August 31, 2023, and is highly reasonable.

The contents of the Policy are also based on the contents of "Takeover Defense Measures in Light of Recent Environmental Changes" released by the Corporate Value Study Group established within METI on June 30, 2008, and of "Principle 1.5 Anti-Takeover Measures" in Japan's Corporate Governance Code released by Tokyo Stock Exchange, Inc. on June 1, 2015, and other practices and discussions regarding policies for responding to acquisitions.

(2) Has been introduced and is being continued with the aim of ensuring and enhancing the common interests of shareholders

As described in 3. (1) "Purpose of continuing the Policy," the Policy has been introduced and is being continued with the aim of ensuring and enhancing the Company's corporate value and ultimately the common interests of shareholders by making it possible, in the event of a Large-Scale Purchase of the Company's shares, to secure the information and time necessary for shareholders to decide whether or not to agree to the Large-Scale Purchase or for the Company's

Board of Directors to present alternative proposals, and to negotiate with purchasers, etc. on behalf of the shareholders.

Furthermore, the continuation of the Policy is subject to the approval of shareholders, and since it is possible to abolish the Policy if shareholders so wish, we consider it guaranteed that the Policy will not impair the common interests of the shareholders.

(3) **Reflects the will of shareholders**

The Policy will become effective upon approval by shareholders at this General Meeting of Shareholders, and reflects the will of the shareholders regarding the continuation of the Old Policy.

Also, even if the Policy has been continued and is still in effect, if a resolution to abolish the Policy is passed at the Company's General Meeting of Shareholders, the Policy will be abolished at that time, reflecting the will of the shareholders.

Also, under the Policy, if the Large-Scale Purchaser adheres to the Large-Scale Purchase Rules, we have limited the instances in which the Company's Board of Directors may trigger countermeasures to instances where a resolution to trigger countermeasures has been passed at the General Meeting of Shareholders. In addition, even if the Large-Scale Purchaser does not adhere to the Large-Scale Purchase Rules, when the Company's Board of Directors triggers countermeasures under the Policy, it has been established as a principle that a resolution to trigger countermeasures must be passed at the General Meeting of Shareholders. In this way, the Policy reflects the will of the shareholders in determining whether the triggering of countermeasures is appropriate as well.

(4) **Places emphasis on the judgment of highly independent outsiders**

As described in 5. "Responses in the event of a Large-Scale Purchase" above, the triggering of countermeasures under the Policy requires that a Special Committee consisting of members who are independent from the management team that executes the Company's business be consulted, and the recommendations of that Committee be respected to the fullest extent possible. Procedures to guarantee the transparent implementation of the Policy are firmly in place, in order to operate the Policy appropriately, prevent arbitrary judgments from being made by the Board of Directors, and contribute to the Company's corporate value and ultimately the common interests of the shareholders.

(5) **Is not a dead-hand or slow-hand type of response policy**

The Policy can be abolished by the Board of Directors, which is composed of Directors elected at the Company's General Meeting of Shareholders. Therefore, the Policy is not a dead-hand type of response policy (a response policy in which the triggering of countermeasures cannot be halted even if a majority of the constituent members of the Board of Directors are replaced). In addition, while the term of office for Directors (excluding those who are Audit and Supervisory Committee Members) is one year, and the term of office for Directors who are Audit and Supervisory Committee Members is two years, since the Company does not have a staggered term system for Directors, it is not a slow-hand type of response policy either (a response policy in which it takes time to halt the triggering of countermeasures, since the constituent members of the Board of Directors cannot be replaced at once).

The Company does not have additional requirements regarding resolutions to dismiss Directors, such as the requirement for a special resolution.

(Attached Document 1)

[Overview of our shares]
(As of March 31, 2024)

1. Total number of shares authorized to be issued by the Company：153,200,000 shares

2. Total number of shares issued：33,300,505 shares

3. Number of shareholders who own more than one unit of shares (100 shares)：13,397 people

4. Major Shareholders (Top 10)

Shareholder Name	Investment status in our company		The Company's investment in the relevant shareholder	
	Number of shares held	Voting rights ratio	number of shares held	investment ratio
	shares	%	shares	%
Tokyo Small and Medium Business Investment & Consultation CO., LTD.	2,966,450	9.6	-	-
The Master Trust Bank of Japan, Ltd. T.*	2,440,000	7.9	-	-
Mizuho Bank, Ltd.	1,200,505	3.9	-	-
Nippon Life Insurance Company	969,600	3.1	-	-
Keisuke Kawasaki	829,641	2.7	-	-
Oiles East Japan Mutual Prosperity Association	807,429	2.6	-	-
Keita Kawasaki	721,099	2.3	-	-
Employees' Stockholding Association	707,971	2.3	-	-
Gun Ei Chemical Industry Co., Ltd.	528,960	1.7	71,500	0.8
MUFG Bank, Ltd.	387,336	1.3	-	-

Note 1. * indicates shares held for trust business purposes.
Note 2. The company holds 2,344,301 treasury shares.
Note 3. The voting rights ratio is rounded to one decimal place.

5. Shareholding status of our company's executives

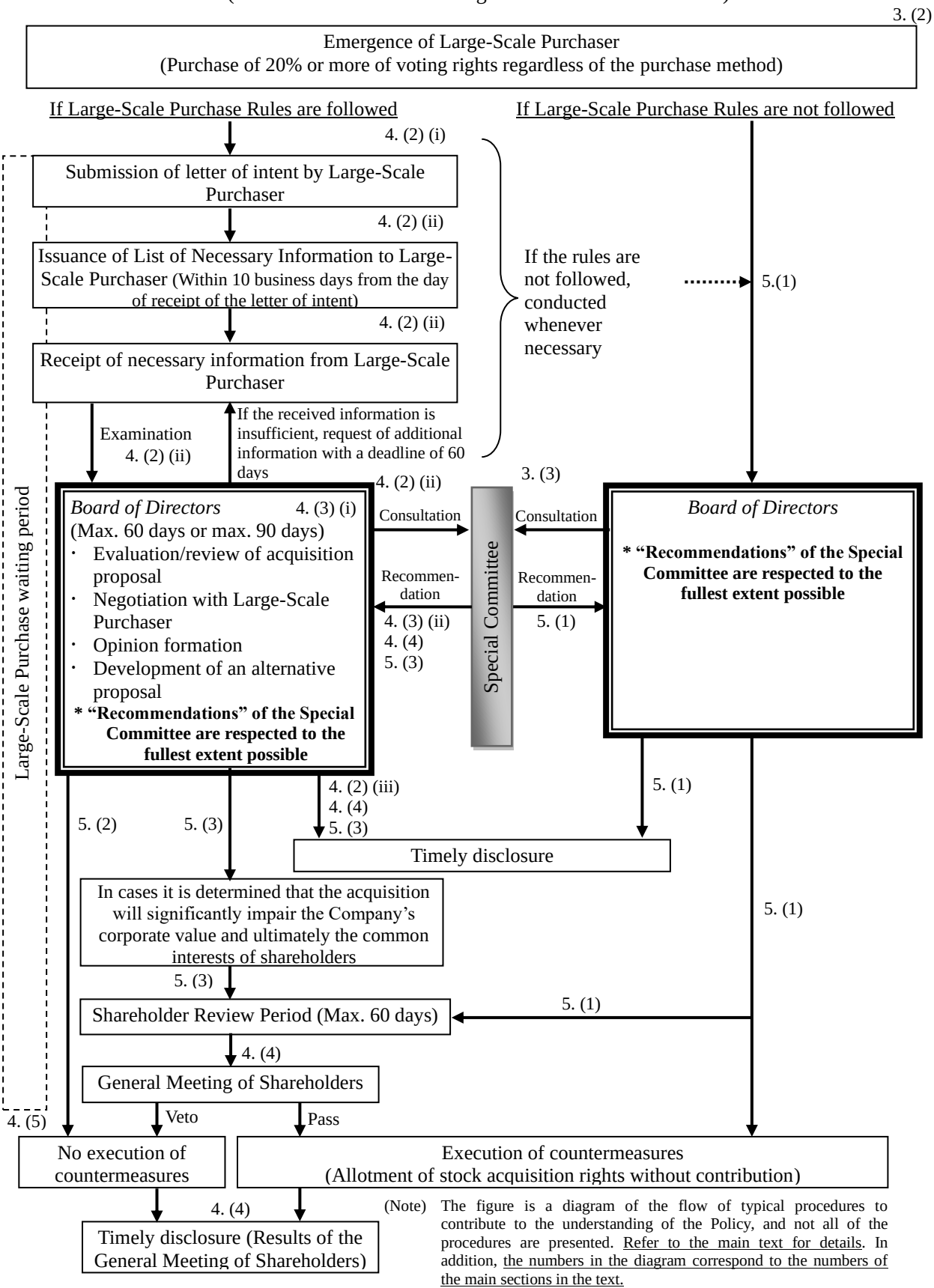
(1) Total number of shares held by all executives: 145,802 shares

(2) Percentage of total number of shares held by all executives to total number of issued shares: 0.44%

(Attached Document 2)

Outline of the Policy

(Flow chart in the event a Large-Scale Purchase is initiated)



(Note) The figure is a diagram of the flow of typical procedures to contribute to the understanding of the Policy, and not all of the procedures are presented. Refer to the main text for details. In addition, the numbers in the diagram correspond to the numbers of the main sections in the text.

(Attached Document 3)

Outline of Special Committee Regulations

- The Special Committee shall be established by resolution of the Company's Board of Directors.

- The Special Committee shall consist of three (3) or more members, and will be chosen by resolution of the Company's Board of Directors from outside Directors of the Company who are independent from the management team that executes the Company's business, in order to allow for fair and impartial judgments.
- The chairperson of the Special Committee shall be elected from among the Committee members.
- The term of office for Special Committee members shall be three (3) years from the date of their appointment. However, if the effective period of the Policy expires, if a resolution to abolish the Policy is passed at a General Meeting of Shareholders, or if a resolution to abolish the Policy is passed by the Board of Directors, the term of office for Committee members shall expire at the same time the Policy is terminated or abolished. Additionally, if a member of the Special Committee ceases to be an outside Director, his/her term of office as a member of the Special Committee shall also end at the same time.

- The Special Committee will make decisions on the matters listed below, and will make recommendations to the Company's Board of Directors together with the reasons and rationale for the contents of such decisions. The Company's Board of Directors shall respect the recommendations of the Special Committee to the fullest extent possible in making the final decision.
    (i) Triggering of countermeasures (the gratis allotment of stock acquisition rights) against Large-Scale Purchases (includes reviewing and judging whether or not Large-Scale Purchases significantly impair the common interests of shareholders)
    (ii) Holding a General Meeting of Shareholders regarding the triggering of countermeasures
    (iii) Suspending the triggering of countermeasures
    (iv) Important matters regarding the Policy
    (v) Other matters for which the Company's Board of Directors requests the Special Committee to make recommendations

- The Special Committee may obtain advice from independent third parties such as lawyers, accountants, financial advisors, and other outside experts as necessary and at the expense of the Company.

- Resolutions of the Special Committee shall be made by a majority vote in the presence of a majority of the Committee members. If a resolution of the Special Committee cannot be passed due to a tie vote, the chairperson of the Special Committee shall make the decision.

(Attached Document 4)

Career Summary of Special Committee Members

Upon the continuation of the Policy, the following four (4) members are scheduled to serve as Special Committee members.

[Reelection] Yasuji Omura (Date of Birth: February 14, 1954)

[Career summary]

April 1979	Joined Mitsui Petrochemical Industries Ltd. (current Mitsui Chemicals, Inc.)
June 2005	Executive Officer, Business Sector General Manager of Basic Chemicals Planning & Coordination Division, and Business Sector General Manager of Raw Materials Purchasing Division
June 2009	Managing Director, General Manager of Corporate Planning Division, and Representative in China
June 2011	Senior Managing Director, responsible for corporate planning/new business promotion/responsible care
April 2013	Representative Director, Executive Vice President, Executive of Production & Technology Center and responsible for SCM/logistics/purchasing
June 2016	Executive Vice President and Business Sector President of Basic Materials Business Sector
April 2018	Special Assistant to the President and responsible for Vietnam Project
April 2019	Special Counselor
April 2020	Counselor (resigned in June 2020)
June 2020	Outside Director of the Company (current position)
June 2021	Outside Director of Gun Ei Chemical Industry Co., Ltd. (current position)

* Yasuji Omura is an outside Director as defined in Article 2, Item 15 of the Companies Act.

* He is scheduled to be appointed as a Director who is not an Audit and Supervisory Committee Member after the Company's transition to a company with an Audit and Supervisory Committee.

[Reelection] Rika Miyagawa (Date of Birth: August 26, 1960)

[Career summary]

April 1983	Joined Fujitsu Micon Systems Co., Ltd.
April 1985	Joined Fujitsu OA Co., Ltd.
November 1989	Joined "K" LINE AIR SERVICE, LTD. (current "K" LINE LOGISTICS, LTD.)
July 2013	General Manager, Business Process Improvement Division and General Manager, Internal Audit Division
July 2014	General Manager, Business Process Improvement Division
June 2016	Director (responsible for Business Process Improvement Division, Information System Department) (resigned in June 2019)
June 2021	Outside Director of the Company (current position)

* Rika Miyagawa is an outside Director as defined in Article 2, Item 15 of the Companies Act.

* She is scheduled to be appointed as a Director who is not an Audit and Supervisory Committee Member after the Company's transition to a company with an Audit and Supervisory Committee.

[Reelection] Tatsuhiro Maeda (Date of Birth: April 21, 1961)

[Career summary]

October 1989	Joined Tohmatsu Awoki & Sanwa (current Deloitte Touche Tohmatsu LLC) (resigned in December 2006)
August 1994	Registered CPA
January 2007	Representative of Tatsuhiro Maeda Certified Public Accounting Office (current position)
February 2007	Registered Tax Accountant
July 2015	Outside Auditor, Nippon View Hotel Co., Ltd. (resigned in September 2019)
June 2018	Outside Audit & Supervisory Board Member of the Company (current position)

* Tatsuhiro Maeda is an outside Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act.

* He is scheduled to be appointed as a Director who is an Audit and Supervisory Committee Member after the Company's transition to a company with an Audit and Supervisory Committee.

[New election] **Takeo Sakakibara** (Date of Birth: November 22, 1960)

[Career summary]

April 1983	Joined Lion Corporation
September 2002	Representative of Takeo Sakakibara Tax Accountant Office (current position)
March 2006	Director of Corporate Planning Department of Lion Corporation
January 2008	Director of Living Care Business Department, Household Products Division
January 2010	Executive Officer, Executive General Manager of Health Care Products Division
January 2012	Executive Officer, President of Lion Trading Co., Ltd.
January 2016	Executive Officer, Assistant to the President
March 2016	Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department
March 2017	Director, Senior Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department (resigned in March 2022)
June 2022	Outside Director of COMANY INC. (current position)
December 2022	Advisor of DAC Holdings Co., Ltd. (current position)
June 2023	Outside Audit & Supervisory Board Member of the Company (current position)

* Takeo Sakakibara is an outside Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act.

* He is scheduled to be appointed as a Director who is an Audit and Supervisory Committee Member after the Company's transition to a company with an Audit and Supervisory Committee.

The Company has registered outside Directors Yasuji Omura and Rika Miyagawa and outside Audit & Supervisory Board Members Tatsuhiro Maeda and Takeo Sakakibara as independent officers as stipulated by the Tokyo Stock Exchange.

(Attached Document 5)

Outline of Stock Acquisition Rights

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

   The Company shall allot one (1) stock acquisition right gratis for each share of the Company's common shares (this does not apply to common shares held by the Company) held by shareholders who are recorded in the last shareholder registry as of a certain date (hereinafter referred to as the "Allotment Date") set by the Company's Board of Directors.

2. Class and number of shares subject to stock acquisition rights

   The class of shares to be issued upon exercise of stock acquisition rights shall be the Company's common shares, and the number of shares to be issued upon exercise of each stock acquisition right shall be one (1) share. However, if the Company carries out a stock split or a reverse split, necessary adjustments shall be made.

3. Total number of stock acquisition rights allotted to shareholders

   The number obtained by subtracting the total number of outstanding shares of the Company's common shares (excluding, however, the Company's common shares held by the Company) from the Company's total number of shares authorized to be issued by the Company as of the Allotment Date shall be the upper limit. The Company's Board of Directors may allot stock acquisition rights multiple times.

4. Assets to be contributed upon exercise of each stock acquisition right, and their value

   Assets to be contributed upon exercise of each stock acquisition right shall be cash, the amount of which shall be determined by the Company's Board of Directors to be one (1) yen or more. If the Company's Board of Directors decides to acquire 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 paying an amount equivalent to the exercise price.

5. Restrictions on transfer of stock acquisition rights

   Acquisition of stock acquisition rights through the transfer of such stock acquisition rights shall require the approval of the Company's Board of Directors.

6. Conditions for exercising stock acquisition rights

   Conditions for exercising stock acquisition rights include not being a person belonging to a specific shareholder group that holds 20% or more of voting rights (this does not apply to persons approved by the Company's Board of Directors in advance). Details of conditions for exercising stock acquisition rights shall be stipulated separately by the Company's Board of Directors.

7. Stock acquisition rights exercise period, etc.

   The date the allotment of stock acquisition rights becomes effective, exercise period, provisions for acquisition, and other necessary matters shall be stipulated separately by the Company's Board of

Directors. Provisions for acquisition may be set to make it possible for the Company to acquire stock acquisition rights held by parties other than those not permitted to exercise stock acquisition rights because of conditions for exercising rights in 6. above and deliver shares of the Company's common shares, the number of which shall be separately determined by the Board of Directors, per one stock acquisition right, or for the Company to acquire stock acquisition rights gratis without delivering Company shares in exchange for stock acquisition rights. However, the Company does not expect to deliver cash as consideration for the acquisition of stock acquisition rights held by parties who are not permitted to exercise stock acquisition rights.

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[1]A specific shareholder group refers to (i) holders (includes persons included as holders as stipulated in Article 27-23, paragraph (3) of the Financial Instruments and Exchange Act; the same applies hereinafter) of the Company's share certificates, etc. (refers to share certificates, etc. as stipulated in Article 27-23, paragraph (1) of the same Act) and their joint holders (refers to joint holders as stipulated in Article 27-23, paragraph (5) of the same Act, and includes persons deemed to be joint holders pursuant to paragraph (6) of the same Article; the same applies hereinafter); or (ii) persons who purchase, etc. (refers to purchases, etc. as stipulated in Article 27-2, paragraph (1) of the same Act, and includes those made on financial instruments exchange markets) share certificates, etc. (refers to share certificates, etc. as stipulated in Article 27-2, paragraph (1) of the same Act) of the Company, and their specially related parties (refers to specially related persons as stipulated in Article 27-2, paragraph (7) of the same Act). The same applies hereinafter.

[2]The percentage of voting rights refers to the combined total of (i) the percentage of share certificates, etc. (refers to the ownership ratio of share certificates, etc. as stipulated in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act) held by that holder, if the specific shareholder group falls under Note 1 (i); or (ii) the percentage of share certificates, etc. (refers to the ownership ratio of share certificates, etc. as stipulated in Article 27-2, paragraph (8) of the same Act) of that Large-Scale Purchaser and those specially related persons, if the specific shareholder group falls under Note 1 (ii). Furthermore, when calculating the percentage of voting rights, whichever among the securities report, semiannual report, or reports on repurchase that has been most recently submitted to the authorities may be used to determine the total number of voting rights (as stipulated in Article 27-2, paragraph (8) of the Financial Instruments and Exchange Act) and the total number of issued shares (as stipulated in Article 27-23, paragraph (4) of the same Act). The same applies hereinafter.

[3]Share certificates, etc. refer to either the share certificates, etc. stipulated in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, or the share certificates, etc. stipulated in Article 27-2, paragraph (1) of the same Act. The same applies hereinafter.

[4]Determination of whether such actions has been taken shall be made by the Company's Board of Directors in a reasonable manner, based on the recommendations of the Special Committee. Furthermore, the Company's Board of Directors may request the Company's shareholders to provide necessary information to the extent deemed necessary to determine whether an action falls under the category of such actions.

[5]Determination of whether a relationship has been established between a certain shareholder and another shareholder in which one party effectively controls the other, or in which they act jointly or in cooperation, shall be based on whether new investment relationships, business alliances, transactions or contractual relationships, interlocking officerships, funding relationships, credit-granting relationships, etc. are formed, and the direct or indirect influence that the shareholder and the other shareholder exert on the Company.