(Note) This is an English translation of the cover letter and attached reference documents for the annual general meeting of shareholders, which comprise a part of our notice of convocation of annual general meeting of shareholders originally written in Japanese, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 7846
Sending date: March 7, 2025
Start date of measures for electronic provision: March 5, 2025

To Our Shareholders with Voting Rights,

Fumio Fujisaki, Director and President
PILOT Corporation
6-21, Kyobashi 2-chome, Chuo-ku, Tokyo

Notice of Convocation of the 23rd (FY2024) Annual General Meeting of Shareholders

We are pleased to announce the 23rd (FY2024) Annual General Meeting of Shareholders of PILOT Corporation (the "Company") to be held as described 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. (items for which the measures for providing information in electronic format will be taken) in electronic format, and posts this information as "Notice of Convocation of the 23rd (FY2024) Annual General Meeting of Shareholders and Informational Materials for a General Shareholders Meeting" on the Company's website. Please access the Company's website using the Internet address shown below to review the information. It is also posted on the website of Tokyo Stock Exchange, Inc. (TSE) and the Company's website where materials for the general meeting of shareholders are posted.

[The Company's website]
https://www.pilot.co.jp/company/english/ir/report

[The website where materials for the general meeting of shareholders are posted]
https://d.sokai.jp/7846/teiji/ (in Japanese)

[TSE website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show
Access the TSE website by using the Internet address shown above, enter "PILOT Corporation" in "Issue name (company name)" or the Company's securities code "7846" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting]."

If you are unable to attend the meeting, you may exercise your voting rights by electromagnetic means (via the Internet, etc.) or in writing (by mail). Please review Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:35 p.m. on Thursday, March 27, 2025 (JST).

[Exercising voting rights via the Internet, etc.]

Please access the Company's designated website for exercising voting rights (https://evote.tr.mufg.jp/) (in Japanese only), use your "login ID" and "temporary password" listed on the enclosed Voting Rights Exercise Form and indicate your approval or disapproval of the proposal following the guidance on the screen.

[Exercising voting rights by mail]

Please indicate your approval or disapproval of the proposal on the Voting Rights Exercise Form sent out with this Notice of Convocation and return it by the end of exercise period on the previous page.

Details

1. Date and time: Friday, March 28, 2025, at 10:00 a.m. (JST)
(The reception will commence at 9:00 a.m. (JST))

2. Venue: Conference Room, 6th floor, Head office of PILOT Corporation
6-21, Kyobashi 2-chome, Chuo-ku, Tokyo

3. Purpose of the meeting:

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee for the 23rd fiscal year (from January 1, 2024 to December 31, 2024)
2. The Non-consolidated Financial Statements for the 23rd fiscal year (from January 1, 2024 to December 31, 2024)

Matters to be resolved:

Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Proposal 2: Revision to Amount and Details of Performance-Linked Share-Based Remuneration, etc. for Directors, etc.

4. Matters to be determined upon convocation

(1) Irrespective of whether a request for the delivery of paper-based documents has been made, the Company will deliver documents including the items subject to measures for electronic provision for the general meeting of shareholders. The following items subject to measures for electronic provision are not included in accordance with provisions of laws and regulations and Article 14 of the Articles of Incorporation of the Company.

(i) "Matters Related to Outside Officers, including Outline of Content of Liability Limitation Agreement and Outline of Content of Contract of Directors and Officers Liability Insurance, in the Status of the Company's Officers, the Status of the Financial Auditor, Systems to Ensure Proper Business Activities and Outline of the Operational Status of those Systems, and Basic Policy on Control of the Stock Company" in the Business Report

(ii) Notes to Consolidated Financial Statements and Consolidated Statement of Changes in Equity

(iii) Notes to Non-consolidated Financial Statements and Statement of Changes in Equity

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements included in these documents are part of the documents included in the scope of audits by the Financial Auditor when preparing the financial audit report and the Audit & Supervisory Committee when preparing its audit report.

(2) When voting rights are exercised in duplicate via the Internet, etc. and by a Voting Rights Exercise Form, the vote via the Internet, etc. is considered effective. When voting rights are exercised multiple times via the Internet, etc., the last vote is considered effective.

(3) If you indicate neither your approval nor disapproval of a proposal on a Voting Rights Exercise Form when exercising voting rights in writing (by mail), your answer will be deemed to be approval.

(4) If you plan to cast contradictory votes, please inform the Company of your plan and the reason for that in writing or via electronic means at least three days before the date of the general meeting of shareholders.

* If you attend the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk upon your arrival at the meeting.
* If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the following websites on the previous page: the Company's website, the TSE website, and the website where materials for the general meeting of shareholders are posted.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all the current ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this meeting. We request the election of seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members). The Audit & Supervisory Committee exchanged opinions regarding the nomination of the candidates for directors and determined them to be appropriate after deliberating on them.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

No.	Name	Gender	Attribute of candidate	Current positions in the Company	Attendance at Board of Directors meetings (FY2024)
1	Fumio Fujisaki	Male	Reappointment	Representative Director and President	17/17
2	Takeshi Kodaira	Male	Reappointment	Director	17/17
3	Kazuhiko Yokoyama	Male	Reappointment	Director	17/17
4	Katsuji Hatano	Male	Reappointment	Director	17/17
5	Masanobu Muramatsu	Male	Reappointment Outside Independent	Outside Director	17/17
6	Misuzu Shibata	Female	Reappointment Outside Independent	Outside Director	17/17
7	Hiroshi Kawano	Male	New appointment Outside	–	–

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company
1	Reappointment  Fumio Fujisaki (July 20, 1960) Number of the Company's shares held 11,400	Apr. 1984 Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation) Sep. 2011 General Manager of Corporate Planning Office, the Company Mar. 2015 Executive Officer, the Company Mar. 2019 Senior Executive Officer, the Company Mar. 2022 Director and Senior Executive Officer, the Company Mar. 2024 Representative Director and President, the Company (present) (Responsibilities for the fiscal year) Overall supervision Reasons for the nomination The candidate possesses extensive experience and achievement in a wide range of areas, including accounting and finance, planning, and international sales, in the Company. From 2019, he served as the President of an overseas subsidiary, making significant contributions. From 2022, he served as the Director in charge of domestic and international sales. He has been Representative Director since 2024. The Company judges him a suitable candidate based on his aforementioned achievements and request that he be re-elected as Director.
2	Reappointment  Takeshi Kodaira (April 26, 1961) Number of the Company's shares held 4,500	Apr. 1985 Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation) Mar. 2015 General Manager of Hiratsuka Plant, the Company Mar. 2015 Executive Officer, the Company Mar. 2022 Director and Senior Executive Officer, the Company (present) (Responsibilities for the fiscal year) In charge of Non-Writing Instruments Business (IS, Toys, Future Creations) and Information System Reasons for the nomination The candidate possesses a wealth of experience and achievements in the areas of production and planning in the Company, and after assuming the position of Executive Officer in 2015, he had led the area of production as General Manager of Hiratsuka Plant, and then has served as General Manager of the Corporate Planning Office since 2016, making significant contributions to improving corporate value. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be re-elected as Director.
3	Reappointment  Kazuhiko Yokoyama (January 6, 1961) Number of the Company's shares held 10,900	Apr. 1983 Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation) Apr. 2004 General Manager of Tohoku Branch, the Company Mar. 2015 Executive Officer, the Company Mar. 2021 Director and Senior Executive Officer, the Company (present) (Responsibilities for the fiscal year) In charge of Human Resources, General Affairs, Public Relations and Investor Relations Reasons for the nomination The candidate has made significant contributions to the Company with his abundant experience and achievements gained in the areas of domestic sales and planning in the Company. He has been in charge of the areas of development and general affairs as an Executive Officer since 2015 and has also served as the president of an overseas subsidiary. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be re-elected as Director.
4	Reappointment  Katsuji Hatano (July 3, 1961) Number of the Company's shares held 7,100	Apr. 1984 Joined The Pilot Pen Co., Ltd. (currently PILOT Corporation) Jul. 2011 General Manager of Planning and Operations Department, the Company Mar. 2015 Executive Officer, the Company Mar. 2022 Director and Senior Executive Officer, General Manager of Corporate Planning Department, the Company (present) (Responsibilities for the fiscal year) General Manager of Corporate Planning Department Reasons for the nomination The candidate possesses a wealth of experience and achievements in the areas of industrial materials sales, planning, and operations in the Company, and after assuming the position of Executive Officer in 2015, he has led the area of human resources as General Manager of the Human Resources Department, making significant contributions to improving corporate value. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be re-elected as Director.

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company
5	Reappointment Outside Independent  Masanobu Muramatsu (September 9, 1955) Number of the Company's shares held 1,000	Mar. 1983 Registered as a certified public accountant Nov. 1989 Registered as a certified public tax accountant (deregistered in November 2021) Nov. 2012 Tax Partner, Gyosei Tax Corporation Jun. 2013 Outside Audit and Supervisory Board Member, Yachiyo Industry Co., Ltd. Mar. 2020 Outside Director, the Company Dec. 2021 Standing Advisor, Azabu Partners Tax & Accounting Co. (present) Mar. 2022 Outside Director (Audit & Supervisory Committee Member), the Company Mar. 2024 Outside Director, the Company (present) (Significant concurrent positions outside the Company) Standing Advisor, Azabu Partners Tax & Accounting Co. Reasons for the nomination and outline of expected role He was appointed as Outside Director of the Company in 2020 to utilize his expertise as a certified public accountant and Audit & Supervisory Board Member of a business company. Since then, he has provided the Company with appropriate advice. He was appointed as Outside Director (Audit & Supervisory Committee Member) of the Company in 2022 and has been Outside Director of the Company since 2024. In addition, the Company wishes to continue benefiting from his contributions to strengthening the supervisory function of the Board of Directors and ensuring transparency. For the reasons stated above, the Company believes that he can fairly and appropriately perform his duties as an Outside Director of the Company and requests that he be elected as Outside Director. After his election, we expect him to make use of his professional knowledge as a certified public accountant to strengthen the supervisory functions concerning overall management, mainly from an accounting perspective.
6	Reappointment Outside Independent  Misuzu Shibata (July 25, 1974) Number of the Company's shares held –	Oct. 2000 Registered as an attorney at law Nov. 2001 Partner, Attorney at law, NS Law Office (present) Oct. 2007 Fixed-term civil servant, Deposit Insurance and Resolution Framework Office, Planning and Management Division, Supervision Bureau, Financial Services Agency Apr. 2017 Practicing-attorney-professor for civil advocacy, The Legal Training and Research Institute of Japan Jun. 2017 Outside Director, DELICA FOODS HOLDINGS CO., LTD. (present) Jun. 2020 Outside Director, Sompo Holdings, Inc. (present) Jun. 2020 Outside Director, SPACE VALUE HOLDINGS CO., LTD. Mar. 2023 Outside Director, the Company (present) (Significant concurrent positions outside the Company) Partner, Attorney at law, NS Law Office Outside Director, DELICA FOODS HOLDINGS CO., LTD. Outside Director, Sompo Holdings, Inc. Reasons for the nomination and outline of expected role The candidate has provided the Company with appropriate advice since her appointment as Outside Director of the Company in 2023 in order to utilize her abundant knowledge, experience and broad insight as an attorney at law and outside director of industrial corporations. In addition, the Company wishes to continue benefiting from her contributions to strengthening the supervisory function of the Board of Directors and ensuring transparency. For the reasons stated above, the Company believes that she can fairly and appropriately perform her duties as an Outside Director of the Company and requests that she be elected as Outside Director. After her election, we expect her to make use of her professional knowledge as an attorney at law to strengthen the supervisory functions concerning overall management, mainly from a legal perspective.

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company
7	New appointment Outside  Hiroshi Kawano (June 11, 1962) Number of the Company's shares held –	Apr. 1985 Joined Sony Corporation (currently Sony Group Corporation) Apr. 2003 SVP, Sony Electronics Inc. (USA) Apr. 2012 Representative Director, President, Sony Marketing Inc. Jun. 2012 Board of member, Sony Computer Entertainment Inc. Apr. 2018 Representative Director and Deputy President, Sony Imaging Products & Solutions Inc. Apr. 2021 Executive Vice President, Sony Corporation Apr. 2024 Representative, Office K, LLC (present) Jun. 2024 Outside Director, Interworks Confidence Inc.(present) Feb. 2025 Strategic Advisor, EY Strategy and Consulting Co., Ltd. (present) (Significant concurrent positions outside the Company) Representative, Office K, LLC Outside Director, Interworks Confidence Inc. Strategic Advisor, EY Strategy and Consulting Co., Ltd. Reasons for the nomination and outline of expected role He possesses extensive knowledge and experience and a wide range of insights as a director and officer at private operating companies. The Company believes that he can fairly and appropriately perform his duties as an Outside Director of the Company by leveraging his extensive insights and requests that he be elected as Outside Director. After his election, we anticipate he will oversee overall management and provide advice by leveraging his experience as a management member at operating companies and his wide-ranging insights.

Notes:
1. There are no special interests between the candidates and the Company.
2. Masanobu Muramatsu, Misuzu Shibata and Hiroshi Kawano are candidates for Outside Directors.
3. Masanobu Muramatsu and Misuzu Shibata currently serve as Outside Directors of the Company, and Muramatsu's and Shibata's terms of office as Outside Directors will be five (5) years and two (2) years, respectively, at the conclusion of this meeting.
4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Masanobu Muramatsu and Misuzu Shibata to limit their liability for damages set forth in Article 423, paragraph (1) of the said act. According to the agreement, the limit of liability for damages shall be the minimum liability amount stipulated by laws and regulations. If they are re-elected, the Company will continue this agreement with them. If the proposal is approved as originally stated, the Company will enter into the same agreement to limit Hiroshi Kawano's liability for damages.
5. The Company has entered into a contract of directors and officers liability insurance with an insurance company, as set forth in Article 430-3, paragraph (1) of the Companies Act. The insurance premiums are fully borne by the Company. The insurance covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. If the election of each candidate for Director is approved and adopted in this proposal, each candidate will continue to be insured under the said insurance contract. The Company plans to renew the contract with the same terms and conditions at the next renewal.
6. The Company has reported Masanobu Muramatsu and Misuzu Shibata as independent directors under the provisions set forth by the Tokyo Stock Exchange. If they are re-elected, the Company will continue to designate them as independent directors.
7. The officially registered name of Misuzu Shibata is Misuzu Koyama.
8. At Sompo Japan Insurance Inc., a subsidiary of Sompo Holdings Co., Ltd., where Misuzu Shibata has been appointed as Outside Director from June 2020 to the present, during her time in office, an incident related to actions likely to have violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and inappropriate actions in light of the intent of the same occurred, as well as an incident concerning an inappropriate response by Sompo Japan Insurance Inc. to fraudulent automotive insurance claims by a second-hand car dealership. The details of these incidents are described in the content of the administrative sanctions by the Financial Services Agency and a report by an external investigation committee consisting of third parties established by the company, but Shibata has appropriately executed her responsibilities, including regularly offering suggestions concerning model initiatives related to ensuring group compliance as appropriate, and suggestions for compliance with laws and regulations and the prevention of recurrence after these incidents came to light.

(Reference)

Criteria for Judging Independence of Outside Officers

The Company has set forth "Criteria for Independence of Outside Officers" as follows.

If none of the following items apply to an Outside Director (including a candidate thereof), that outside officer shall be deemed to possess independence from the Company and to be free from the risk of a conflict of interest arising with the general shareholders.

(1) A person who executes business of the Company or its subsidiaries or affiliates (collectively, the "Company Group") as of now or during the past ten years.

(2) A person whose principal business partner is the Company Group (a supplier that provides products or services to the Company Group in a case where the transaction amount is equivalent to over 2% of annual consolidated net sales of that supplier in the most recent fiscal year) or a person who executes business of a company whose principal business partner is the Company Group.

(3) A principal business partner of the Company (a customer receiving products or services from the Company in a case where the transaction amount is equivalent to over 2% of annual consolidated net sales of the Company in the most recent fiscal year) or a person who executes business of a principal business partner of the Company.

(4) A person who receives 10 million yen or more of monetary consideration or other property from the Company Group annually for services as a professional such as consultant, certified public accountant, attorney at law, that is outside the remuneration received as a Director from the Company Group. Or a person belonging to an organization that receives 100 million yen or more annually from the Company Group.

(5) A person belonging to an auditing firm that conducts statutory audits of the Company Group.

(6) A major shareholder of the Company (a person who directly or indirectly holds 5% or more of the Company's total voting rights), or a person who executes business of a major shareholder of the Company.

(7) A person who executes business of a company of which the Company Group holds directly or indirectly 5% or more of the total voting rights.

(8) A person to whom any of the above items (2) to (7) have applied during the past five years.

(9) A spouse, relative within the second degree, or other relatives if sharing the same residence, of the persons prescribed in any of the items (1) to (8) above; providing however that a person who executes business refers only to directors, executive officers, corporate officers, a person who executes business of general manager level or higher, or a person who executes business with authority equivalent thereof.

(10) Any other person at risk of having a permanent and substantial conflict of interest with all general shareholders of the Company due to circumstances not considered in items (1) to (9) above.

If the candidates listed in this Notice of Convocation are elected as proposed, the skill matrix expected of the Board of Directors will be as follows:

[Legend] ●: Particularly expected item, ○: Expected item

Name	Positions in the Company (Planned)	Long-term strategic thinking	Sustainability	Human resources management	Global management	Marketing and sales	Manufacturing, technology, development, intellectual property	DX, IT	Risk management	Group governance
Fumio Fujisaki	Representative Director and President	●	●	●	●	●	●	●	●	●
Takeshi Kodaira	Representative Director	●	●	●		●	○	●	●	●
Kazuhiko Yokoyama	Director	●		○	○	○	○	○	●	●
Katsuji Hatano	Director	●	●	○		○			●	●
Masanobu Muramatsu	Outside Director	●			○				●	●
Misuzu Shibata	Outside Director	●	○	○					●	●
Hiroshi Kawano	Outside Director	●			○	○			●	●
Yoshihiro Saimura	Director (Full-time Audit & Supervisory Committee Member)				○				●	●
Toshizo Kamiyama	Outside Director (Audit & Supervisory Committee Member)				○				●	●
Tsugukiyo Fujita	Outside Director (Audit & Supervisory Committee Member)		○						●	●

Long-term strategic thinking	The skill of envisioning long-term management strategy from a broad perspective to achieve our purpose, and engaging in comprehensive corporate management with a growth story that includes taking on new challenges
Sustainability	The skill of possessing knowledge about sustainability management, and engaging in long-term and stable sustainable management while coexisting with stakeholders
Human resources management	The skill of creating human resource strategies to enhance the corporate value of the Company, including human resources to act as management successors, and being able to develop human resources to achieve those strategies
Global management	The skill of having the experience of developing businesses on a broad global basis, and being able to enhance the presence of the Company in global markets
Marketing and sales	The skill of possessing broad knowledge and insight related to markets and distribution, and being able to broadly offer added value to society and customers
Manufacturing, technology, development, intellectual property	The skill of possessing wide-ranging understanding related to technology held by the Company as a manufacturer, as well as quality and intellectual property, and creating systems capable of developing high-quality services and products
DX, IT	The skill of responding flexibly to social changes and being able to achieve operational reform and stable operation at the Company with advanced literacy concerning digital technologies and IT
Risk management	The skill of being able to create systems and mechanisms for appropriately implementing a response to management risks in areas such as legal affairs, financial affairs, and accounting, as well as information security
Group governance	The skill of building a business portfolio for the Group as a whole and being able to lead the Group with a governance system that includes organizational design

Note: In order to achieve our purpose, “Our Creations Inspire Creativity,” and ensure the sustainable growth and development of the Group, the Company believes that the Board of Directors should consist of persons who possess knowledge and pride concerning technology and quality, which are the backbone of the Group, and who are resourceful enough to enable them to utilize abundant management and practical experience to enhance the engagement of employees and promote advanced business management.
The Company has set forth these personal criteria and the expected skills that Directors should exercise to fulfill their roles in the form of the “skill matrix expected of the Board of Directors.”

Proposal 2: Revision to Amount and Details of Performance-Linked Share-Based Remuneration, etc. for Directors, etc.

1. Reasons for the proposal and reasons why the remuneration is considered to be appropriate

The Company introduced a share-based remuneration plan (hereinafter the "Plan") for Directors (excluding Outside Directors and non-residents in Japan) following its approval at the 19th Annual General Meeting of Shareholders held on March 30, 2021. At the 20th Annual General Meeting of Shareholders on March 30, 2022, a revision to the Plan was approved, including a change to the remuneration limit. This revision was related to the transition to a company with an Audit & Supervisory Committee. As a result, the eligible Directors have changed. They now exclude Directors who are Audit & Supervisory Committee Members, Outside Directors, and non-residents in Japan (hereinafter "Eligible Directors").

The remuneration for the Company's Directors consists of basic remuneration, which is a fixed remuneration, and year-end remuneration and share-based remuneration (based on the Plan), which are linked to business performance for each fiscal year. This proposal seeks approval for a revision to the Plan (hereinafter "Revision to the Plan") to continue the Plan.

In February 2025, the Company announced a new Medium-Term Management Plan (FY2025 to FY2027). To achieve the objectives of this plan, the Company intends to increase the percentage of share-based remuneration of the remuneration for Directors. Additionally, Executive Officers who are not Directors of the Company (excluding non-residents in Japan; Directors and these Executive Officers are hereinafter collectively referred to as "Eligible Directors, etc.") will also be made eligible for share-based remuneration. Its purpose is to motivate the Eligible Directors, etc. to sustainably enhance corporate value and to further share benefits with shareholders by encouraging them to hold the Company's shares.

The share-based remuneration set out in this proposal is separate from the monetary remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) approved at the 20th Annual General Meeting of Shareholders on March 30, 2022 (which is capped at 500 million yen, with a maximum of 50 million yen allocated for Outside Directors).

If this proposal is approved, the Company will revise its policy for determining individual Directors' remuneration, etc. at a Board of Directors meeting following this general meeting of shareholders. An outline of the policy is as provided in the section titled [Outline of the policy for determining individual Directors' remuneration, etc.]. This proposal is necessary for providing with individual Directors remuneration, etc. that is in line with this policy and is reasonable. The Plan makes clearer the connection between the remuneration for the Eligible Directors, etc. and the value of the Company's shares. Its purpose is to increase their motivation to improve performance and enhance corporate value over the medium to long term. The Company has thus concluded that the Plan is appropriate. The Company has submitted this proposal after deliberation by the Nomination and Remuneration Advisory Committee and has determined that the details of the said remuneration are appropriate, taking into consideration the fairness of the calculation of the amount of remuneration in this proposal and the purpose of the Revision to the Plan.

The number of the Eligible Directors who are eligible under the Plan will be four (4) if Proposal 1 "Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)" is approved and adopted as proposed. As mentioned above, Executive Officers who are not Directors are eligible for the Plan (eleven (11) Executive Officers who are not Directors qualify for participation at the beginning of the application of the revised Plan). The remuneration under the Plan consequently includes remuneration for these Executive Officers. In this proposal, the Company proposes the total amount of remuneration for the Eligible Directors, etc. and provides details while considering the possibility that these Executive Officers may become Directors after the implementation of the new Plan.

2. Amount and content of remuneration, etc. under the Plan after revision

(1) Outline of the Plan

The Plan is a share-based remuneration plan under which the Company's shares are acquired through a trust using the amount of remuneration for the Eligible Directors, etc. (as specified in (2) below) contributed by the Company as the underlying funds, and individuals who serve as the Eligible Directors, etc. during the Plan Period (defined in (2) below) are delivered and paid (hereinafter, "Deliver" or "Delivered") the Company's shares and the amount of money equivalent to the conversion value of the Company's shares (hereinafter collectively, the "Company's Shares, etc.") according to such factors as their position and the degree of

achievement of the performance targets throughout a trust period. The Eligible Directors, etc. will be Delivered the Company's Shares, etc. at a certain time after the end of the fiscal years covered by the Company's Medium-Term Management Plan (hereinafter, the "Plan Period"). The Plan Period covered by this continuation will be the three fiscal years from FY2025 to FY2027.

(i) Persons eligible for the Plan	- Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and non-residents of Japan) - Executive Officers (excluding non-residents of Japan)
(ii) Upper limit of money to be contributed by the Company to the trust	- An amount equivalent to 130 million yen multiplied by the number of years in the Plan Period - The Plan Period spans three fiscal years, and the maximum amount for the period is 390 million yen.
(iii) Maximum number of shares of the Company to be delivered to Eligible Directors, etc.	- The number of shares equivalent to the number of points that is derived by multiplying 23,000 points (equivalent to 23,000 shares) by the number of years in the Plan Period - The Plan Period spans three fiscal years, and the maximum number of points to be awarded to the Eligible Directors, etc. is 69,000 (the maximum number of shares to be delivered is 69,000).
(iv) Method of acquiring the Company's shares	- The shares will be acquired from the stock market or from the Company (through disposal of treasury shares) - The number of shares corresponding to the number of points per fiscal year to be granted to the Eligible Directors, etc. mentioned above (23,000) is approximately 0.06% of the total number of issued shares (as of December 31, 2024, after deduction of treasury shares).
(v) Performance achievement requirements	- Performance achievement requirements will be set between 0% to 150% of the targets for consolidated operating profit, return on equity (ROE) and social value indices.
(vi) Timing of delivery of the Company's Shares, etc. to the Eligible Directors, etc.	- In principle, shares will be delivered after the end of the Plan Period (from April 2028 following the end of the current Medium-Term Management Plan period).

(2) Upper limit of money to be contributed by the Company

The Plan will be continued for the fiscal years covered by the Company's Medium-Term Management Plan.

The Company will contribute a maximum amount of money calculated by multiplying the number of fiscal years of the Plan Period by 130 million yen as remuneration for the Eligible Directors, etc. pertaining to the said Plan Period, and establish or continue a trust (hereinafter, the "Trust") for a period corresponding to the Plan Period whose beneficiaries are the Eligible Directors, etc. who fulfill the beneficiary eligibility requirements. The maximum amount of money to be paid during the Plan Period in connection to this continuation will be 390 million yen.

The Trust will acquire the Company's shares from the stock market or the Company (through disposal of treasury shares) using the trust money as the underlying funds in accordance with instructions of the trust administrator. The Company will grant points to the Eligible Directors, etc. (as specified in (3) below) pertaining to the said Plan Period, and the Trust will Deliver the Company's Shares, etc. to the Eligible Directors, etc.

The Trust may be continued by modifying the trust agreement and entrusting additional money at the expiry of the trust period of the Trust. In that case, a new Plan Period will be the number of fiscal years covered by a Medium-Term Management Plan that has been formulated by the Company at the time, and the trust period of the Trust will be extended to the same duration as the said new Plan Period. The Company will make an

additional contribution of a maximum of the abovementioned amount to the Trust for the remuneration of the Eligible Directors, etc. for the new Plan Period and will continue to grant points to them. However, when making additional contributions, if there are shares in the Company (excluding shares in the Company corresponding to points granted to Eligible Directors, etc., whose Delivery, etc. is incomplete) and cash remaining in the trust assets on the final day of the trust period prior to extension (the "Residual Shares, etc."), the total amount of the amount of the Residual Shares, etc., and any trust money additionally contributed will be within the upper limit on the amount to be contributed to the Trust during the new Plan Period. The trust period may be extended not only once, but again thereafter in the same way.

(3) Calculation formula and upper limit of the number of the Company's Shares, etc. to be acquired by the Eligible Directors, etc.

The numbers and amounts of the Company's Shares, etc. to be Delivered to the Eligible Directors, etc. will be determined based on the points to be granted to the Eligible Directors, etc. which are calculated using specific formulas.

Specifically, fixed points and performance-linked points calculated using the following formulas will be granted to individuals who serve as the Eligible Directors, etc. at a specified timing during the trust period, and the numbers and amounts of the Company's Shares, etc. to be Delivered to the Eligible Directors, etc. will be determined based on the points accumulated for the period corresponding to the period of the Medium-Term Management Plan (hereinafter, the "Share Delivery Points"). The number of the Company's shares to be delivered to the Eligible Directors, etc. through the Trust is determined by converting the Share Delivery Points granted to each Eligible Director, etc. at the rate of one share of the Company per point. If the number of the Company's shares belonging to the Trust increases or decreases due to a share split, allotment of shares without consideration, share consolidation or any other event, the Company will adjust the number of its shares to be delivered per Share Delivery Point according to the percentage of the increase or decrease.

Formula for calculating the fixed points:
Amount determined by position / share price at a specified timing

Formula for calculating the performance-linked points:
Amount determined by position / share price at a specified timing x performance-linked coefficient*

* The performance-linked coefficient will be set between 0% to 150% of the targets for consolidated operating profit, return on equity (ROE) and social value indices.

* The performance-linked coefficient will be 1 (100%) for the fiscal year in which an Eligible Director, etc. who fulfills the beneficiary eligibility requirements, retires (excluding voluntary resignation), dies, or becomes a non-resident of Japan.

The maximum number of the Company's shares to be delivered to the Eligible Directors, etc. for each Plan Period is calculated by multiplying 23,000 shares by the number of fiscal years of the said Plan Period (hereinafter, the "Maximum Number of Shares"). The Maximum Number of Shares is set based on the upper limit of money to be contributed by the Company in (2) above in reference to factors such as the share prices for the most recent year. The maximum number of the Company's shares to be delivered to the Eligible Directors, etc. during the Plan Period in connection to this continuation will be 69,000 shares.

If the Trust is continued as described in Paragraph 4 of (2) above, the Maximum Number of Shares for a new Plan Period is calculated by multiplying 23,000 shares by the number of fiscal years of the said new Plan Period.

(4) Method and timing of Delivery of the Company's Shares, etc. to the Eligible Directors, etc.

The Eligible Directors, etc. who fulfill the beneficiary eligibility requirements will be Delivered the Company's Shares, etc., whose number is calculated based on (3) above, around April immediately after the end of the final fiscal year of the Plan. At the time of Delivery, in accordance with the provisions of the trust agreement, the Eligible Directors will be delivered the Company's shares for 50% of the Company's shares corresponding to Share Delivery Points (fractional shares are rounded down), while the remainder is converted to money in the Trust and the Eligible Directors will be paid the amount of money equivalent to the conversion value.

In addition, if an Eligible Director, etc. who fulfills the beneficiary eligibility requirements retires (excluding voluntary resignation), the Eligible Director, etc. will be Delivered the Company's Shares, etc.

from the Trust, whose number is based on the Share Delivery Points at the time of his or her retirement. If an Eligible Director, etc. who fulfills the beneficiary eligibility requirements dies during his or her term of office as an Eligible Director, etc., an heir to the Eligible Director, etc. will be paid money from the Trust, in an amount obtained by converting to money the Company's shares whose number is based on the Share Delivery Points at the time of the death of the Eligible Director, etc. The same applies to the case in which an Eligible Director, etc. who fulfills the beneficiary eligibility requirements becomes a non-resident of Japan during the Plan Period; the Eligible Director, etc. will be paid money from the Trust, in an amount obtained by converting to money the Company's shares whose number is based on the Share Delivery Points at the time of the Eligible Director, etc. becoming a non-resident of Japan.

(5) Clawback clause

If any significant fraud or other illegal conduct by Eligible Directors, etc. is discovered, the Company may take action by confiscating the points awarded to them (malice) or reclaiming the amount of money equivalent to the Company's Shares, etc. that have been delivered to them (clawback).

(6) Voting rights pertaining to the Company's shares under the Trust

Voting rights pertaining to the Company's shares under the Trust will not be exercised during the trust period to ensure the neutrality of the Company's management.

(7) Other details of the Plan

Other details of the Plan will be determined at the Board of Directors each time the Trust is established, the trust agreement is amended, and additional contributions to the Trust are made.

(Reference)

The Company's policy for remuneration for directors and officers is as follows.

[Outline of the policy for determining individual Directors' remuneration, etc.]

1. Basic policy

The Company's remuneration plan for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter) consists of basic remuneration, which is a fixed remuneration, and year-end remuneration and share-based remuneration, which are linked to the business performance of each fiscal year. The Company's basic policy is to calculate the basic remuneration based on the Remuneration Standards Table for Officers in accordance with the duties and responsibilities of each Officer, to determine the year-end remuneration, which is linked to the Company's business performance, by a resolution of the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee within the limit of the remuneration amount resolved at the general meeting of shareholders, and to determine the share-based remuneration in accordance with the Share Delivery Rules within the limit of the amount of remuneration and the number of shares resolved at the general meeting of shareholders. Outside Directors and Directors who are Audit & Supervisory Committee Members are paid only basic remuneration from the viewpoint of their roles and independence, and the amount of remuneration for Directors who are Audit & Supervisory Committee Members is determined through discussions among Directors who are Audit & Supervisory Committee Members.

2. Policy for determining the amount of basic remuneration (monetary remuneration) for individual Directors

The basic remuneration shall be a monthly fixed remuneration, and the amount of the remuneration shall be determined in accordance with the position, responsibilities, and term of office, taking into consideration the level at other companies, the Company's business performance, the level of employee salaries, and other factors comprehensively.

3. Policy for determining the details of performance-linked remuneration, etc. and non-monetary remuneration, etc., and the method for calculating the amount or number of such remunerations

The performance-linked remuneration consists of year-end remuneration (monetary remuneration) and share-

based remuneration (non-monetary remuneration). The Company calculates the base amount for year-end remuneration based on consolidated ordinary profit and determines year-end remuneration according to consolidated net sales and operating profit. Year-end remuneration is paid around the same time each year. The share-based remuneration consists of a fixed portion and a performance-linked portion, and is determined in accordance with the provisions of the Share Delivery Rules. The fixed portion is determined according to the position. The performance-linked portion is determined in consideration of consolidated net sales, operating profit, and ROE, as well as social value indices for each fiscal year. In principle, shares calculated in accordance with performance are delivered after the completion of the Medium-Term Management Plan. In addition, the number of the share-based remuneration to be delivered to individual Directors will be determined in accordance with the Share Delivery Rules, and the share-based remuneration will be returned if the prescribed conditions stipulated in the Share Delivery Rules, such as an occurrence of misconduct, are recognized.

The performance indicators are selected for the purpose of making each Officer more aware of the overall consolidated management.

4. Policy for determining the ratio to the amount of remuneration, etc. for individual Directors

The Company determines the ratio of remuneration for Directors by type by referring to companies that have the same level of business scale or belong to the related industries as the Company. More weight is put on performance-linked remuneration for higher positions. The approximate ratio of remuneration, etc. by type (in the case of the President) is as follows: the ratio of basic remuneration to year-end remuneration to share-based remuneration is 6:2:2 (in the case of achieving 100% of the consolidated results forecast).

5. Policy on delegation of authority to determine individual Directors' remuneration, etc.

The Representative Director and President shall be delegated the authority to determine the specific details of the amount of individual remuneration in accordance with a resolution of the Board of Directors, and the scope of such authority shall include the amount of basic remuneration for each Director and the evaluation and allocation of year-end remuneration based on the performance of the business for which each Director is responsible. The Representative Director and President shall consult the Nomination and Remuneration Advisory Committee on the draft and obtain its report to ensure that such authority is appropriately exercised by the Representative Director and President, and the Representative Director and President who has received the above delegation shall make decisions in accordance with the content of such report. As for share-based remuneration, a certain number of points will be granted in accordance with the provisions of the Share Delivery Rules established by resolution of the Board of Directors after consultation with and with the report from the Nomination and Remuneration Advisory Committee, up to the maximum amount resolved at the general meeting of shareholders separately from the limit of monetary remuneration.

Business Report

(From January 1, 2024 to December 31, 2024)

1. Status of the Corporate Group

(1) Overview of Operating Results

(i) Progress and results of operations

During the current fiscal year (January 1 to December 31, 2024), the economic environment in Japan saw a gradual recovery due to improvements in the income environment, although inflation caused personal consumption to stall. Overseas, the outlook for the global economy remains uncertain due to factors such as the protracted situation in Ukraine, continued inflation in Europe and the U.S., and the impact of the prolonged slowdown in the Chinese economy.

In this economic environment, the Group benefited from continued firmness in the Japanese market for writing instruments. However, as in the previous fiscal year, demand remained weak in some major overseas markets. Meanwhile, personnel, depreciation, and other expenses increased as we stepped up investments for the future to achieve sustainable growth toward our "2030 Vision."

As a result, consolidated net sales for the fiscal year totaled 126,168 million yen, up 6.4% year on year (YoY). Net sales in the Japanese market came to 30,312 million yen, up 4.8% YoY. Net sales in overseas markets were 95,855 million yen, up 6.9% YoY. Looking at sales by business based on our medium-term management plan, net sales in the writing instruments business stood at 113,003 million yen, up 6.3% YoY. Net sales in the non-writing instruments business came to 13,165 million yen, up 6.9% YoY.

In terms of profit, the Group recorded operating profit of 17,805 million yen, down 6.3% YoY, and ordinary profit of 20,110 million yen, down 3.5% YoY. Profit attributable to owners of parent stood at 15,181 million yen, up 11.1% YoY.

Details of each segment are as follows.

Segment operating profit is profit before the elimination of intersegment transactions.

From the current fiscal year, Pilot Pen (Malaysia) Sdn.Bhd., which had been an affiliate not accounted for using equity method, was newly included in the consolidated financial statements due to the additional acquisition of its shares. As September 30, 2024 is the deemed acquisition date, only the balance sheets were consolidated for the third quarter of the current fiscal year, while the company's statements of income from October 1, 2024 onwards were consolidated for the current fiscal year.

In addition, we set up PT PILOT PEN SOUTH EAST ASIA in Indonesia during the current fiscal year, and it has been included in the consolidated financial statements.

Japan 39,540 million yen

In the stationery business, sales of mechanical pencils such as S20, which are crafted from high-quality wood, and Dr. GRIP classic were strong in Japan. Moreover, the Kakuno fountain pen has garnered support from new users with the release of new dreamy "Madoromi" colors. In addition, our new highlighter pen, KIRE-NA, has made a very good start, receiving high praise from users for its pen tip structure that prevents writing from smudging.

Mark's Group Holdings, Inc., which designs and manufactures stationery such as diaries and notebooks and which joined the Group in the previous fiscal year, also contributed to sales. Export sales have decreased due to prolonged inventory adjustments in some countries such as Saudi Arabia.

In the toys business, sales increased as the Mellchan doll and bath toys series, our mainstay products, performed well.

In the industrial materials and other businesses, sales increased thanks to the contribution of Mark's products, although sales of ceramics products, the mainstay of the industrial materials business, continued to decline as the semiconductor market is still recovering. Meanwhile, sales in the jewelry business were strong due to increased trading volume.
A breakdown of net sales in this segment by major business is as follows: 32,221 million yen, flat YoY in the stationery business, 4,170 million yen, up 6.9% YoY in the toys business, and 3,147 million yen, up 7.0% YoY in the industrial materials and other businesses. In the stationery business, net sales of writing instruments stood at 28,480 million yen, down 0.5% YoY, and net sales of other stationery came to 3,741 million yen, a 4.0% increase YoY. As a result, net sales to external customers in this segment totaled 39,540 million yen, up 1.2% YoY. Segment operating profit came to 13,579 million yen, up 0.7% YoY.

Americas 38,887 million yen

In the Americas, in the U.S., our mainstay product G-2 continued to hold the top share in the gel ink pen market and remained strong. In addition, sales grew mainly on the strength of V Board Master whiteboard markers in the Brazilian market. The impact of the yen's depreciation also contributed to the increase in sales and profit.
As a result, net sales to external customers in this segment totaled 38,887 million yen, up 10.0% YoY. Segment operating profit came to 1,920 million yen, up 62.5% YoY.

Europe 26,923 million yen

In Europe, sales and profit increased, although personal consumption has yet to fully recover. Sales of the FRIXION series, our core products in the European market, have recovered, and the yen's depreciation also contributed.
As a result, net sales to external customers in this segment totaled 26,923 million yen, up 10.7% YoY. Segment operating profit came to 1,782 million yen, up 5.6% YoY.

Asia 20,817 million yen

In Asia, we were heavily affected by the prolonged economic weakness in China. However, gel ink pens P-500/700, our mainstay products in the Chinese market, performed well. The impact of the yen's depreciation also contributed to an increase in sales.
Meanwhile, segment operating profit decreased on higher SG&A expenses such as personnel and advertising expenses.
As a result, net sales to external customers in this segment totaled 20,817 million yen, up 4.9% YoY. Segment operating profit came to 356 million yen, down 56.0% YoY.

As a result of the above, total segment operating profit in each region increased to 17,638 million yen, up 2.8% YoY. However, consolidated operating profit was 17,805 million yen, down 6.3% YoY. This is primarily attributable to the gain on inventories, which resulted in a consolidation adjustment of 167 million yen (compared to 1,842 million yen in the previous fiscal year).

(ii) Status of capital expenditure

During the fiscal year ended December 31, 2024, the Group made a total capital investment of 11,810 million yen. The main objectives of this investment were to reorganize production plants and to expand and optimize production facilities for writing instruments. The Company and its subsidiaries utilized their own funds to finance the capital investment.

(iii) Status of financing

Not applicable.

(iv) Transfers, absorption-type splits or incorporation-type splits of business

Not applicable.

(v) Acquisition of other companies' businesses

Not applicable.

(vi) Succession to rights and obligations of business of other companies, etc. through absorption-type merger or absorption-type company splits

Not applicable.

(vii) Acquisition or disposition of shares or other equity in other companies or share acquisition rights, etc.

On July 22, 2024, the Company acquired additional shares in Pilot Pen (Malaysia) Sdn. Bhd., thus making it a new consolidated subsidiary.

(2) Trends in Assets and Operating Results

Classification		20th fiscal year (ended December 31, 2021)	21st fiscal year (ended December 31, 2022)	22nd fiscal year (ended December 31, 2023)	23rd fiscal year (under review) (ended December 31, 2024)
Net sales	(Million yen)	103,057	112,850	118,590	126,168
Ordinary profit	(Million yen)	20,362	22,633	20,840	20,110
Profit attributable to owners of parent	(Million yen)	14,270	15,773	13,661	15,181
Earnings per share	(Yen)	361.81	399.86	346.31	388.53
Total assets	(Million yen)	143,155	156,542	166,468	176,701
Net assets	(Million yen)	102,348	117,989	132,345	141,579
Net assets per share	(Yen)	2,562.01	2,954.51	3,305.72	3,628.73

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the 21st fiscal year and the accounting standard, etc. are applied to major management indicators, etc. from the 21st fiscal year onward.

(3) Status of Principal Parent Companies and Subsidiaries

(i) Status of parent companies

Not applicable.

(ii) Status of the principal subsidiaries

Name	Share capital or capital contribution	Percentage of owned voting rights (%)	Main business
The Pilot Ink Co., Ltd.	220 million JPY	100.0	Manufacture of writing instruments
PILOT FINE TECH Co. Ltd.	60 million JPY	90.9 (90.9)	Manufacture of writing instrument parts
Mark's Group Holdings, Inc.	0.3 million JPY	69.7	Business administration for the group's companies and the management of their operations
MARK'S INC	80 million JPY	100.0 (100.0)	Sale of stationery
Pilot Logitem Co., Ltd.	30 million JPY	100.0	Logistics business
Pilot Corporation of America (USA)	23,500 thousand USD	100.0	Manufacture and sale of writing instruments
Pilot Pen de Mexico S.de R.L. de C.V. (Mexico)	4,510 thousand USD	100.0 (100.0)	Sale of writing instruments
Pilot Pen Do Brasil S/A. (Brazil)	3,200 thousand BRL	99.8	Manufacture and sale of writing instruments
Pilot Corporation of Europe S.A.S. (France)	7,216 thousand EUR	100.0	Manufacture and sale of writing instruments
Pilot Pen France S.A.S. (France)	280 thousand EUR	100.0 (100.0)	Sale of writing instruments
Pilot Pen (Deutschland) GmbH (Germany)	2,070 thousand EUR	100.0	Sale of writing instruments
The Pilot Pen Company (U.K.) Ltd. (UK)	640 thousand GBP	100.0	Sale of writing instruments
Pilot Nordic AB (Sweden)	100 thousand SEK	100.0	Sale of writing instruments
Pilot Pen Australia Pty. Ltd. (Australia)	2,700 thousand AUD	100.0	Manufacture and sale of writing instruments
Pilot Pen (Shenzhen) Co., Ltd. (China)	850 thousand USD	100.0	Sale of writing instruments
The Pilot Pen (Taiwan) Co., Ltd. (Taiwan)	70,000 thousand TWD	50.0	Sale of writing instruments
Pilot Pen Co., (Hong Kong) Ltd. (Hong Kong)	2,500 thousand HKD	100.0	Sale of writing instruments
Pilot Pen(S) Pte. Ltd. (Singapore)	1,600 thousand SGD	100.0	Sale of writing instruments
Pilot Pen South Africa (Pty) Ltd. (South Africa)	4,324 thousand ZAR	100.0	Sale of writing instruments
Pilot Pen (Malaysia) Sdn. Bhd. (Malaysia)	1,000 thousand MYR	85.1	Sale of writing instruments

(Notes) 1. Figures in parentheses in the "Percentage of voting rights" column indicate the percentage of the voting rights held indirectly.

2. The Company has 22 consolidated subsidiaries, including the principal subsidiaries above.

3. On April 3, 2024, the business name of Pilot Corporation of Europe S.A. changed to Pilot Corporation of Europe S.A.S.

(4) Issues to Be Addressed

1. Review of 2022-2024 Medium-Term Management Plan: Five Basic Strategies

- We positioned the 2022-2024 Medium-Term Management Plan as the first phase toward the achievement of the 2030 Vision. Under this plan, the Company aimed to build the foundation for 2030 and has almost completed implementation of the initiatives outlined in the five basic strategies.
- The business environment has been changing rapidly in recent years, and we have identified new issues about the management foundation, including the fact that it takes time to develop effective measures with our current capabilities of collecting and analyzing information.
- We understood that, to solve these issues, we need to address issues of particular focus by prioritizing them from the Group's perspective.

	Basic strategies	Key achievements	Issues identified
(1)	Further strengthen functions for business expansion	- Establishment of sales bases in growth markets - Strengthening and enhancement of sales channels in Japan - Improvements to production bases including BCP - Reorganization of the material procurement department	- Creation of products with competitive edges as well as products for launch in growth markets - Inventory optimization at overseas sales bases - Fact-finding and analysis for rebuilding a global supply chain
(2)	Set to work on capital and business alliances and new business concept	- Expansion of domain to stylishly designed stationery through capital and business alliance with Mark's - Establishment of the Future Creations Office	- Pursuing greater synergies - Creating and developing new businesses
(3)	Strengthen the overall Group governance system	- Enhancement of Group governance achieved by revising rules and guidelines - Delegation of authority to executive officers	- Information collection and analysis capabilities as part of the corporate function - Construction of a system infrastructure for using information
(4)	Integrate sustainability and the Medium-Term Management Plan	- Establishment of the Sustainability Promotion Office - Revisions to crucial issues and formulation of relevant policies - Improvement of information disclosure	- Expansion in the Group and strengthening our initiatives - Further improvement of information disclosure
(5)	Formulate and implement the long-term design of human resources	- Unified organizational culture developed through activities including those for disseminating the Purpose - Expansion of training curriculum	- Consideration of optimal staffing for future business expansion and operational reforms

2. Review of 2022-2024 Medium-Term Management Plan: Financial Targets

- While consolidated net sales reached the target, the operating margin ratio in the fiscal year ended December 31, 2024 fell short of the target due to an increase in personnel, outsourcing, and other expenses. This reflected our increased human capital investments and infrastructure development for the future, as well as changes in the market environment that exceeded expectations, such as rising material costs.
- Regarding dividends, while the target payout ratio was 30% or higher, we achieved payout ratio of 30.1 % in the fiscal year ended December 31, 2024 as a result of consecutive dividend increases. In addition, we acquired treasury shares (4.0 billion yen).

Indicator	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Target
Consolidated net sales	112,850 million yen	118,590 million yen	126,168 million yen	118,000 million yen
Operating margin	18.8%	16.0%	14.1%	18% or more
ROE	14.5%	11.1%	11.2%	12% or more
Dividend payout ratio	22.5%	28.9%	30.1%	30% or more

3. 2025-2027 Medium-Term Management Plan

(i) Growth story

[Review of past 100 years]

- We have been creating, manufacturing, and delivering writing instruments as tools for a wide range of users from countries all over the world. We will further evolve these accumulated achievements, enhancing our corporate value.
- Users around the world have been engaged in many creative activities by means of writing, thereby developing society and culture. We will continue to make contributions to support society and culture.

[From “Support the act of writing” to “Our Creations Inspire Creativity”]

We deeply discussed with what thoughts we have been supporting the act of writing. For us, the meaning of the act of writing has expanded to cover various acts of expressing what one has in mind. We have reaffirmed that supporting such act of writing is nothing less than supporting people’s creativity. We provide new value that is created from the pursuit of writing, which is important for living humanly.

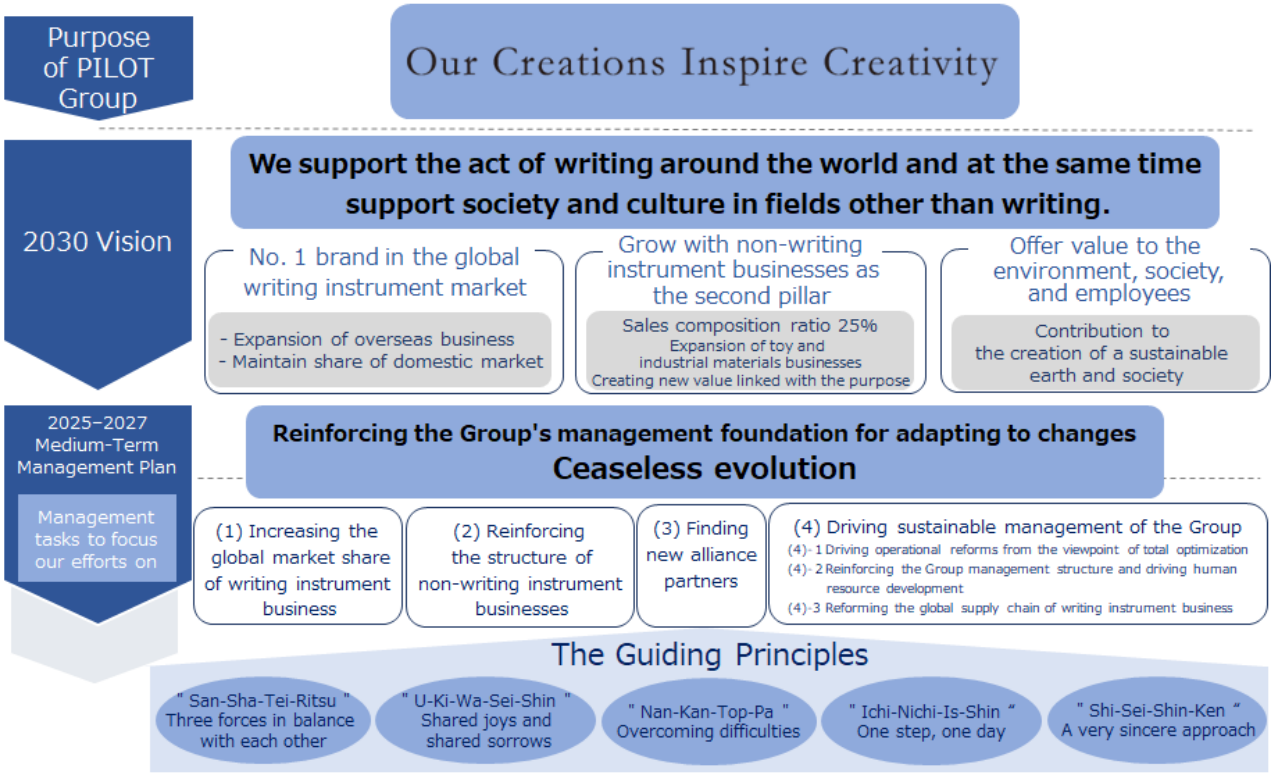
[Toward the coming 100 years]

During the period of the 2025-2027 Medium-Term Management Plan, we will internally establish and surely implement the cycle of creating a place --> personal growth of people --> creating goods and services. Believing that this will give us the power to create new competitive edge for the future and continue creating value, we have set initiatives under the 2025-2027 Medium-Term Management Plan.

(ii) Management Tasks to Focus Our Efforts on

The Company Group adopted the 2025-2027 Medium-Term Management Plan to realize its 2030 Vision based on its purpose: Our Creations Inspire Creativity. During the 2022-2024 Medium-Term Management Plan period, we identified new issues and recognized the need to further strengthen the Group's management foundation to contribute to creating a sustainable society and to adapt swiftly to the rapidly changing business environment.

In addition, we understand that achieving growth in the writing instrument business in the global market is the top-priority management task that we should be focused on, as we seek to attain the 2030 Vision. We will also reinforce the structure of non-writing instrument businesses to create new businesses. To achieve these goals, it is essential to build alliances and develop sustainable group management practices. During the three-year Medium-Term Management Plan, our objective is to reinforce the Group's management foundation to adapt changes and ceaselessly evolve. To this end, we will focus on the following tasks.



(iii) Perceived Growth Opportunities

From the three perspectives of markets, technologies, and sustainability, we understand that we will have many growth opportunities in working on the 2025-2027 Medium-Term Management Plan.

	Trends	Opportunities for growth	Risks
Market	- Areas with high economic growth rates - Expansion of e-commerce - Diversification of lifestyles	- Growing demand in areas with growing population, or in Indian and ASEAN markets in particular - Diversifying points of contact with customers - Growing interest in experience instead of goods - Increasing mobility in the labor market	- Intensifying competition in existing markets - Foreign exchange risk - Securing labor
Technology	- Development of robotics - Shift to smart factories - Sophistication of on-time data analysis	- Higher precision of marketing research and demand forecast - Productivity improvement attained by applying technologies such as AI and automation technologies - Progress in technologies which reduce the environmental impact	- Increase in system investment - Shortage of system personnel
Sustainability	- Sustainable procurement by companies - Increase in the number of products with considerations for the environment and diversity - Tighter Environmental Regulations	- Rising demand for products and services with considerations for the environment and universal design - Emergence of new business models - Technological progress for complying with various regulations	- Tighter regulations - Risk of tariff hike - Logistics risk - Increase in cost - Natural disaster risk

(iv) Major Actions

During the 2025-2027 Medium-Term Management Plan period, we will undertake the major actions below to implement the management tasks we focus on and seize growth opportunities while considering risks.

	Management task	Major action
(1)	Increasing the global market share of writing instrument business	- Creating and launching new products with competitive edges - Increasing sales by increasing sales force and launching products in growth markets, or in India and the ASEAN region in particular - Strengthening area strategy with a market-oriented approach
(2)	Reinforcing the structure of non-writing instrument businesses	- Toys: Increasing sales and expanding IP business in overseas markets - Creating new value with the central role played by Future Creations Office - Industrial materials: Production increase and sales expansion of ceramics, etc.
(3)	Finding new alliance partners	- Finding new partners by applying intellectual property landscaping
(iv)-1	Driving operational reforms from the viewpoint of total optimization	- Introducing a new core system through operational reforms
(iv)-2	Reinforcing the Group management structure and driving human resource development	- Sophistication of collection and utilization of Group company information - Stepping up investment in human resource development
(iv)-3	Reforming the global supply chain of writing instrument business	- Optimizing inventory levels at overseas sales bases

(v) Financial Targets

- To be the No. 1 brand in the global writing instrument market, we will strive to increase sales by 4-5% every fiscal year. On the other hand, the operating margin ratio will be stagnant due to an increase in depreciation associated with investment in growth and rising material costs. By implementing cost controls, we aim to achieve an operating margin of 16% or higher in FY2027.
- Because we will also improve our return on capital and increase shareholder returns, we have set target consolidated net sales, operating margin ratio, ROE, and the total payout ratio as our financial targets.

Indicator	Fiscal year ended December 31, 2025	Fiscal year ended December 31, 2026	Fiscal year ended December 31, 2027
Consolidated net sales	133,000 million yen	139,000 million yen	145,000 million yen
Operating margin	13.5%	15% or more	16% or more
ROE	10.0%	10% or more	11% or more
Total payout ratio	50% or more	50% or more	50% or more

(5) Primary Operations (as of December 31, 2024)

The Company Group principally manufactures, purchases, and sells writing instruments, other stationery, and toys and provides related services.

The Group consists of geographical segments based on its management system. The primary operations associated with each segment are as follows.

Segment name	Operations
Japan	Manufacture, purchase and sale of writing instruments, other stationery products, toys, rings, other precious metal accessories, and ceramic parts
Americas	Manufacture and sale of writing instruments
Europe	Manufacture and sale of writing instruments
Asia	Sale of writing instruments

(6) Principal Branches and Plants (as of December 31, 2024)

Company name	Name, location, etc.	
The Company	Head office	: Chuo-ku, Tokyo
	Tohoku Branch	: Sendai-shi, Miyagi
	Chukyo Branch	: Nagoya-shi, Aichi
	Seibu Office	: Osaka-shi, Osaka
	Kyushu Branch	: Fukuoka-shi, Fukuoka
	Hiratsuka Plant	: Hiratsuka-shi, Kanagawa
	Isesaki Plant	: Isesaki-shi, Gunma
	Isesaki Plant 2	: Isesaki-shi, Gunma
The Pilot Ink Co., Ltd.	Head office	: Nagoya-shi, Aichi
	Gokiso Plant	: Nagoya-shi, Aichi
	Togo Plant	: Togo-cho, Aichi-gun, Aichi
	Miyoshi Plant	: Miyoshi-shi, Aichi
	Tsu Plant	: Tsu-shi, Mie
PILOT FINE TECH Co. Ltd.	Toyota-shi, Aichi	
Pilot Corporation of America	Florida, USA	
Pilot Pen de Mexico S.de R.L. de C.V.	Jalisco, Mexico	
Pilot Pen Do Brasil S/A.	Sao Paulo, Brazil	
Pilot Corporation of Europe S.A.S.	Allonzier-la-Caille, France	
Pilot Pen France S.A.S.	Annecy-le-Vieux, France	
Pilot Pen (Deutschland) GmbH	Reinbek, Germany	
The Pilot Pen Company (U.K.) Ltd.	Buckinghamshire, UK	
Pilot Nordic AB	Arlandastad, Sweden	
Pilot Pen Australia Pty. Ltd.	New South Wales, Australia	
Pilot Pen (Shenzhen) Co., Ltd.	Shenzhen, Guangdong Province, China	
The Pilot Pen (Taiwan) Co., Ltd.	Taipei, Taiwan	
Pilot Pen Co., (Hong Kong) Ltd.	Kowloon Bay, Hong Kong	
Pilot Pen (S) Pte. Ltd.	Tampines, Singapore	
Pilot Pen South Africa (Pty) Ltd.	Gauteng, South Africa	
Pilot Pen (Malaysia) Sdn. Bhd.	Selangor, Malaysia	

(7) Status of Employees (as of December 31, 2024)

(i) Status of employees in the Corporate Group

Segment name	Number of employees	Changes from the end of the previous consolidated fiscal year
Japan	1,552 (693)	39 (2)
Americas	514 (3)	26 (2)
Europe	422 (3)	9 (-4)
Asia	477 (20)	60 (2)
Total	2,965 (750)	134 (2)

(Notes) 1. The number of employees is the number of full-time employees.
2. The figures in brackets in the column of the number of employees are the annual average of temporary employees.

(ii) Status of employees in the Company

Number of employees	Changes from the end of the previous fiscal year	Average age	Average duration of service
1,094 (225)	38 (3)	43.5	18.8 years

(Notes) 1. The number of employees is the number of full-time employees.
2. The figures in brackets in the column of the number of employees are the annual average of temporary employees.

(8) Status of Principal Lenders (as of December 31, 2024)

Lender	Borrowing amount
MUFG Bank, Ltd.	176 million yen
Mizuho Bank, Ltd.	58 million yen

(9) Other Important Matters Concerning the Status of the Corporate Group

Not applicable.

2. Current Situation of the Company

(1) Stock Information (as of December 31, 2024)

(i) Total number of shares authorized to be issued 180,000,000 shares

(ii) Total number of issued shares 40,905,200 shares

(iii) Number of shareholders 17,412

(iv) Largest shareholders (top 10)

Name of shareholder	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,156,900	10.78
Custody Bank of Japan, Ltd. (Trust account)	2,341,000	6.07
MUFG Bank, Ltd.	1,718,600	4.45
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	1,602,000	4.15
Asahi Mutual Life Insurance Company	1,134,000	2.94
Mitsubishi UFJ Trust and Banking Corporation	1,100,400	2.85
Shochiku Co., Ltd.	972,000	2.52
KOREA SECURITIES DEPOSITORY–SHINHAN INVESTMENT	955,900	2.47
The Dai-ichi Life Insurance Company, Limited	900,000	2.33
Employees' Stockholding	831,300	2.15

(Notes) 1. There are 2,346,321 treasury shares listed in the shareholders' register other than the shares listed in the table above. The number of treasury shares does not include 18,827 shares held by the executive remuneration BIP trust.

2. In calculating the ratio of holdings, treasury shares were excluded. The ratio was rounded down to the second decimal place.

3. The shares held by the Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd. are trust property. Mizuho Bank, Ltd. has entrusted shares in the Company to the Custody Bank of Japan as a retirement benefit trust. The voting rights for these shares will be exercised according to the directives of Mizuho Bank, Ltd.

In addition to these shares, Mizuho Bank, Ltd. holds 1,600 shares under its name.

(v) Status of shares granted to Company officers during the fiscal year under review as consideration for performance of duties

Classification		Number of shares	Number of grantees
Directors (Excluding Directors who are Audit & Supervisory Committee Members)	Directors (Excluding Outside Directors)	–	0
	Outside Directors	–	0
Directors (Audit & Supervisory Committee Members)		–	0

(Notes) 1. The details of the Company's share-based remuneration are described in the Status of the Company's Officers (Remuneration, etc. of Directors) section.

2. The shares above include the ones that have been granted to Company officers who have resigned.

(2) Other Important Matters Regarding Shares

(i) Executive remuneration Board Incentive Plan (BIP) Trust

The 19th Annual General Meeting of Shareholders, held on March 30, 2021, resolved to introduce a performance-linked stock compensation plan ("the Plan") for the Company's Directors (excluding Outside Directors and non-residents of Japan). The Company has established a trust called the Executive Remuneration Board Incentive Plan (BIP) Trust in connection with the Plan.

The Company underwent a transformation into a company with an Audit & Supervisory Committee by resolution of the 20th Annual General Meeting of Shareholders held on March 30, 2022. As part of this change, the Company eliminated the previous limits on remuneration for Directors associated with the Plan and established new remuneration limits for Directors based on the Plan. Due to this change, Directors who are Audit & Supervisory Committee Members, Outside Directors, and non-residents of Japan are now ineligible for the stock compensation. The Company has also made additional changes to the Plan.

As of December 31, 2024, the Executive Remuneration Board Incentive Plan (BIP) Trust Account held 18,827 shares in the Company.

(ii) Acquisition of treasury shares

At a Board of Directors meeting held on May 10, 2024, the Company passed a resolution on the acquisition of treasury shares in accordance with Article 459, Paragraph 1 of the Companies Act and Article 33 of the Articles of Incorporation. Following the resolution, the Company acquired treasury shares. The details are as follows.

Class and number of acquired shares	909,200 common shares
Total price of shares acquired	3,999 million yen
Acquisition period	From May 20, 2024 to October 15, 2024

(iii) Cancellation of treasury shares

At a Board of Directors meeting held on May 10, 2024, the Company resolved the cancellation of its treasury shares pursuant to provisions of Article 178 of the Companies Act. Following the resolution, the Company canceled treasury shares. The details are as follows.

Class and number of canceled shares	909,200 common shares
Value of treasury shares canceled	4,124 million yen
Cancellation date	November 29, 2024

(3) Status of Share Acquisition Rights, etc.

(i) Share acquisition rights held by the Company's officers as remuneration for the execution of their duties at the end of the fiscal year under review

Not applicable.

(ii) Share acquisition rights that have been issued to employees, etc. as remuneration for the execution of their duties during the fiscal year under review

Not applicable.

(4) Status of the Company's Officers

(i) Status of Directors (as of December 31, 2024)

Position in the Company	Name	Responsibilities and important concurrent positions
Representative Director and President	Fumio Fujisaki	Overall supervision
Representative Director	Masakazu Shirakawa	In charge of Finance, Internal Control, Business Audit and Compliance
Director	Shu Itoh	Overall supervision
Director	Toshio Araki	In charge of Production, Technology, Development, Intellectual Property and Quality Management Director, The Pilot Ink Co., Ltd.
Director	Kazuhiko Yokoyama	In charge of Human Resources, General Affairs, Public Relations and Investor Relations
Director	Katsuji Hatano	General Manager of Corporate Planning Department
Director	Takeshi Kodaira	In charge of Non-Writing Instruments Business (IS, Toys, Future Creations) and Information System
Director	Shinzo Masuda	
Director	Masanobu Muramatsu	Certified public accountant Standing Advisor, Azabu Partners Tax & Accounting Co.
Director	Misuzu Shibata	Partner, Attorney at law, NS Law Office Outside Director, DELICA FOODS HOLDINGS CO., LTD. Outside Director, Sompo Holdings, Inc.
Director (Full-time Audit & Supervisory Committee Member)	Yoshihiro Saimura	
Director (Audit & Supervisory Committee Member)	Toshizo Kamiyama	Certified public accountant, certified public tax accountant Representative Partner, Kamiyama Accounting TAX CO. Audit & Supervisory Board Member, ATL Systems, Inc. Representative Partner, ALT Tsukiji Audit LLC Audit & Supervisory Board Member, Heibonsha Co., Ltd.
Director (Audit & Supervisory Committee Member)	Tsugukiyo Fujita	Partner, Attorney at law, Nagatacho Law Office

(Notes) 1. Directors Shinzo Masuda, Masanobu Muramatsu, Misuzu Shibata, Toshizo Kamiyama and Tsugukiyo Fujita are Outside Directors.

2. Toshizo Kamiyama, a Director who is an Audit & Supervisory Committee Member, is a certified public accountant and certified public tax accountant and has considerable knowledge related to finance and accounting. Yoshihiro Saimura, a Director who is an Audit & Supervisory Committee Member, has extensive experience in accounting and finance through his many years in the Company's Accounting & Finance Department.

3. The Company has selected Yoshihiro Saimura as the full-time Audit & Supervisory Committee Member to enhance its information-gathering capability, improve audit effectiveness through sufficient collaboration with the Internal Audit Department, and strengthen its auditing and supervision functions.

4. The Company has designated Directors Shinzo Masuda, Masanobu Muramatsu, Misuzu Shibata, Toshizo Kamiyama and Tsugukiyo Fujita as independent directors under the provisions set forth by the Tokyo Stock Exchange. Their designation has been reported to the Tokyo Stock Exchange.

5. The officially registered name of Director Misuzu Shibata is Misuzu Koyama.

(ii) Directors who retired during the fiscal year

Name	Date of retirement	Reason for retirement	Position, responsibility and significant concurrent position at the time of retirement
Naoki Soramoto	March 28, 2024	Expiration of term	Director (Full-time Audit & Supervisory Committee Member)
Masanobu Muramatsu	March 28, 2024	Expiration of term	Outside Director (Audit & Supervisory Committee Member) Certified public accountant Standing Advisor, Azabu Partners Tax & Accounting Co.

(Note) Director Masanobu Muramatsu became a Director (who is not an Audit & Supervisory Committee Member) by resolution of the 22nd (FY2023) Annual General Meeting of Shareholders on March 28, 2024.

(iii) Remuneration, etc. of Directors

a. Policy concerning determination of details of executive remuneration, etc.

At a meeting of the Board of Directors held on February 14, 2022, the Company resolved to adopt a policy on remuneration, etc. for Directors based on a report from the Nomination and Remuneration Advisory Committee. The remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Director) consists of basic remuneration, which is a fixed remuneration, and year-end remuneration and share-based remuneration, which are linked to the Company's business performance for each fiscal year. The Company's basic policy is to calculate the basic remuneration based on the executive remuneration standard table in accordance with the duties and responsibilities of each executive, to determine the year-end remuneration, which is linked to the Company's business performance, by resolution of the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee within the limit of the remuneration amount resolved at the general meeting of shareholders, and to determine the share-based remuneration in accordance with the Share Issuance Regulations within the limit of the amount of remuneration and the number of shares resolved at the general meeting of shareholders. Outside Directors and Directors who are Audit & Supervisory Committee Members are paid only basic remuneration from the viewpoint of their roles and independence, and the amount of remuneration for Directors who are Audit & Supervisory Committee Members is determined through discussions among Directors who are Audit & Supervisory Committee Members.

The Company determines remuneration levels and structures by referring to remuneration levels at similar-sized businesses or those within related industries. More weight is put on performance-linked remuneration for higher positions. The approximate ratio of remuneration, etc. by type (in the case of the President) is as follows: the ratio of basic remuneration to year-end remuneration to share-based remuneration is 7:2:1 (in the case of achieving 100% of the annual budget).

b. Matters relating to basic remuneration

The basic remuneration shall be a monthly fixed remuneration, and the amount of the remuneration shall be determined in accordance with the position, responsibilities, and term of office, taking into consideration the level at other companies, the Company's business performance, the level of employee salaries, and other factors comprehensively.

c. Matters relating to performance-linked remuneration, etc.

The performance-linked remuneration consists of year-end remuneration and share-based remuneration. The Company calculates the base amount for year-end remuneration based on consolidated ordinary profit and determines year-end remuneration according to consolidated net sales and operating profit. Year-end remuneration is paid around the same time each year. Share-based remuneration is determined based on consolidated net sales and operating profit for each fiscal year. In principle, shares calculated based on performance are delivered after

the conclusion of the Medium-Term Management Plan. The Company has set performance-linked indicators to raise each executive's awareness of overall consolidated management. The details are as shown in the table below.

(Unit: 100 million yen)

Fiscal year	Year-end remuneration		Share-based remuneration			
	Consolidated ordinary profit		Consolidated net sales		Consolidated operating profit	
	Target	Result	Target	Result	Target	Result
Fiscal year ended December 31, 2024	210	201	1,210	1,261	200	178

d. Non-monetary remuneration (share-based remuneration), etc.

The Company pays share-based remuneration as a form of non-monetary remuneration, etc. to Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors, and non-residents of Japan) to raise their awareness of the importance of contributing to improving performance and enhancing corporate value in the medium to long term. The Company awards points to eligible Directors based on their positions and the Company's performance against target performance-linked indicators such as consolidated operating profit each fiscal year during a specified period. If the Director meets the eligibility requirements, the Company will provide them with Company shares and an amount of money equivalent to the value of Company shares, based on their cumulative points through the executive remuneration Board Incentive Plan (BIP) Trust. In Principle, the Company provides share-based remuneration following the conclusion of the Medium-Term Management Plan.

e. Matters related to resolutions of the general meeting of shareholders about remuneration, etc. for Directors

The 20th (FY2021) Annual General Meeting of Shareholders, held on March 30, 2022, approved an annual remuneration limit of 500 million yen for Directors (excluding Directors who are the Audit & Supervisory Committee Members). The limit for Outside Directors is set at 50 million yen. This remuneration does not include salaries for Directors who are also employees. The approved annual remuneration limit for Directors who are Audit & Supervisory Committee Members is 100 million yen. At the conclusion of this Annual General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) was nine, including two Outside Directors. The number of Directors who are Audit & Supervisory Committee Members was five. The 20th (FY2021) Annual General Meeting of Shareholders, held on March 30, 2022, also approved a share-based remuneration limit, separately from the above annual remuneration limit for Directors (excluding Directors who are Audit & Supervisory Committee Members). This decision was made following discussions in the Nomination and Remuneration Advisory Committee, which provided a report. The share-based remuneration limit is set at 50 million yen multiplied by the number of years covered by the Medium-Term Management Plan. At the conclusion of this Annual General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and non-residents of Japan) was seven.

f. Matters concerning the delegation of decisions on remuneration, etc. paid individually to Directors

The Board of Directors has granted Representative Director and President Fumio Fujisaski the authority to decide on basic remuneration for each Director who is not an Audit & Supervisory Committee Member and the distribution of year-end remuneration to each Director who is not an Audit & Supervisory Committee Member or an Outside Director, based on the evaluation of the performance of departments that they are in charge of. The Board of Directors delegated authority based on the judgment that the Representative Director is the right person to evaluate the performance of the departments each Director is responsible for whilst taking into consideration the performance of the Company as a whole and other pertinent factors. The Nomination and Remuneration

Advisory Committee reviews the appropriateness of the determination of remuneration under the delegated authority prior to decisions coming into effect. The Board of Directors also confirms that the methods for determining the details of remuneration, etc. and the determined remuneration, etc., for individual Directors for the fiscal year under review are consistent with the policy resolved by the Board of Directors and that reports from the Nomination and Remuneration Advisory Committee are respected, and believes that the remuneration, etc. is in line with the policy.

g. Total amount of remuneration, etc. for the fiscal year under review

Category	Total amount of remuneration, etc. (Million yen)	Total amount of remuneration, etc. by type (Million yen)			Number of eligible directors (Persons)
		Basic remuneration	Year-end remuneration	Share-based remuneration	
Directors (Excluding Directors who are Audit & Supervisory Committee Members) (Outside Directors)	314 (28)	256 (28)	34 (–)	23 (–)	10 (3)
Directors who are Audit & Supervisory Committee Members (Outside Directors)	45 (22)	45 (22)	– (–)	– (–)	5 (3)

(Notes) 1. The table above includes two Directors who are Audit & Supervisory Committee Members who retired as of the closing of the 22nd (FY2023) Annual General Meeting of Shareholders held on March 28, 2024.
Director Masanobu Muramatsu retired as a Director and Audit & Supervisory Committee Member at the conclusion of the 22nd (FY2023) Annual General Meeting of Shareholders on March 28, 2024. Following his retirement, he became a Director who is not an Audit & Supervisory Committee Member. He and his remuneration are included in the number of eligible directors and total amount of remuneration, etc. for Directors who are Audit & Supervisory Committee Members for the period he served as a Director and Audit & Supervisory Committee Member and in the figures for Directors (excluding Directors who are Audit & Supervisory Committee Members) for the period he serves as a Director who is not an Audit & Supervisory Committee Member.

2. Performance-linked indicators related to year-end remuneration and share-based remuneration are described in c. Matters relating to performance-linked remuneration, etc.
3. Non-monetary remuneration, etc. refers to shares in the Company. Conditions for the allocation of shares are described in d. Non-monetary remuneration (share-based remuneration), etc.
4. Provision for share awards for directors (and other officers) totaling 23 million yen is recorded based on the number of points that are expected to be provided as share-based remuneration (Executive Remuneration BIP Trust) in the fiscal year under review.

(5) Policy Regarding Decisions on Distribution of Surplus, etc.

The Company's basic policy is to maintain a sufficient level of shareholders' equity necessary to ensure the timely and reliable seizure of business opportunities, with the aim of achieving sustainable growth and increasing the corporate value of the Group. During the 2022-2024 Medium-Term Management Plan, retained earnings were allocated to investment for growth, including human resource development and investment, strengthening of existing business fields, entry into growing and new business fields, and capital and business alliances. Overseas sales account for a large percentage of consolidated net sales, and revenue may change significantly due to exchange rates and economic trends. We believe that we should not directly reflect changes in revenue in the distribution of profits. After careful consideration of the impact of external factors, the Company has taken up a basic dividend policy of aiming to achieve a dividend payout ratio of 30% or higher in 2024 as an appropriate level of returns while continuing to pay stable dividends in principle.

The Company's Articles of Incorporation provide that unless otherwise stipulated, the matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be determined by resolution of the Board of Directors, not by resolution of the general meeting of shareholders. In principle the Company pays dividends twice each year: interim and year-end dividends.

For the fiscal year under review, the Company paid interim dividends of 53 yen per common share by resolution of the Board of Directors on August 7, 2024. The Company will pay year-end dividends of 64 yen per common share by resolution of the Board of Directors on February 14, 2025. Annual dividends is 117 yen per share, and the payout ratio is 30.1%, exceeding our target of 30%.

The basic policy set out in the 2025-2027 Medium-Term Management Plan is to make consistent dividend payments and flexibly repurchase treasury shares, targeting a total payout ratio of 50% or more.

For the next fiscal year, the Company plans to pay interim and year-end dividends of 58.50 yen per share. The Company will pay annual dividends of 117 per share, consistent with the amount for the fiscal year under review.

Consolidated Balance Sheet

(As of December 31, 2024)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	108,294	Current liabilities	32,748
Cash and deposits	39,977	Notes and accounts payable - trade	11,197
Notes and accounts receivable - trade	25,766	Short-term borrowings	370
Merchandise and finished products	23,456	Current portion of long-term borrowings	319
Work in process	8,793	Accrued expenses	3,011
Raw materials and supplies	4,761	Income taxes payable	3,159
Other	5,660	Provision for bonuses	906
Allowance for doubtful accounts	(121)	Provision for bonuses for directors (and other officers)	66
Non-current assets	68,407	Provision for loss on disaster	67
Property, plant and equipment	44,010	Provision for share awards for directors (and other officers)	71
Buildings and structures	19,729	Other	13,577
Machinery, equipment and vehicles	9,436	Non-current liabilities	2,373
Other	3,031	Long-term borrowings	166
Land	7,517	Deferred tax liabilities	524
Construction in progress	4,295	Provision for retirement benefits for directors (and other officers)	135
Intangible assets	7,734	Retirement benefit liability	770
Leasehold interests in land	5,355	Other	776
Goodwill	1,302	Total liabilities	35,122
Other	1,077	(Net assets)	
Investments and other assets	16,662	Shareholders' equity	135,620
Investment securities	8,937	Share capital	2,340
Deferred tax assets	3,156	Capital surplus	7,887
Retirement benefit asset	3,701	Retained earnings	136,126
Other	899	Treasury shares	(10,734)
Allowance for doubtful accounts	(32)	Accumulated other comprehensive income	4,231
		Valuation difference on available-for-sale securities	1,534
		Foreign currency translation adjustment	2,059
		Remeasurements of defined benefit plans	637
		Non-controlling interests	1,727
		Total net assets	141,579
Total assets	176,701	Total liabilities and net assets	176,701

Consolidated Statement of Income

(From January 1, 2024 to December 31, 2024)

(Millions of yen)

Item	Amount
Net sales	126,168
Cost of sales	61,440
Gross profit	64,728
Selling, general and administrative expenses	46,922
Operating profit	17,805
Non-operating income	2,555
Interest income	636
Dividend income	602
Foreign exchange gains	984
Other	332
Non-operating expenses	250
Interest expenses	148
Other	102
Ordinary profit	20,110
Extraordinary income	1,604
Gain on sale of non-current assets	79
Gain on sale of investment securities	480
Gain on step acquisitions	889
Insurance claim income	112
Reversal of provision for environmental measures	42
Extraordinary losses	331
Loss on retirement of non-current assets	58
Impairment losses	110
Loss on disaster	91
Loss on sale of investment securities	0
Loss on valuation of investment securities	25
Soil pollution expense	45
Profit before income taxes	21,383
Income taxes - current	6,011
Income taxes - deferred	138
Profit	15,232
Profit attributable to non-controlling interests	50
Profit attributable to owners of parent	15,181

Balance Sheet

(As of December 31, 2024)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	67,689	Current liabilities	22,209
Cash and deposits	23,903	Notes payable - trade	200
Notes receivable - trade	808	Electronically recorded obligations - operating	2,739
Electronically recorded monetary claims - operating	2,601	Accounts payable - trade	8,869
Accounts receivable - trade	20,484	Current portion of long-term borrowings	166
Merchandise and finished products	5,614	Accrued expenses	751
Work in process	5,285	Income taxes payable	2,678
Raw materials and supplies	2,068	Provision for bonuses	307
Other	6,925	Provision for bonuses for directors (and other officers)	41
Allowance for doubtful accounts	(2)	Provision for loss on disaster	67
Non-current assets	56,436	Provision for share awards for directors (and other officers)	71
Property, plant and equipment	22,652	Other	6,316
Buildings and structures	11,272	Non-current liabilities	185
Machinery and equipment	4,498	Long-term borrowings	43
Land	2,284	Provision for retirement benefits	0
Construction in progress	3,789	Deferred tax liabilities	105
Other	806	Other	35
Intangible assets	5,739	Total liabilities	22,394
Leasehold interests in land	5,355	(Net assets)	
Other	384	Shareholders' equity	100,870
Investments and other assets	28,045	Share capital	2,340
Investment securities	2,487	Capital surplus	10,005
Shares of subsidiaries and associates	23,520	Legal capital surplus	10,005
Investments in capital of subsidiaries and associates	361	Retained earnings	99,259
Prepaid pension costs	1,410	Legal retained earnings	315
Other	265	Other retained earnings	98,944
Allowance for doubtful accounts	(0)	Reserve for dividends	240
		General reserve	4,500
		Retained earnings brought forward	94,204
		Treasury shares	(10,734)
		Valuation and translation adjustments	861
		Valuation difference on available-for-sale securities	861
		Total net assets	101,731
Total assets	124,126	Total liabilities and net assets	124,126

Statement of Income

(From January 1, 2024 to December 31, 2024)

(Millions of yen)

Item	Amount
Net sales	81,882
Cost of sales	50,048
Gross profit	31,834
Selling, general and administrative expenses	19,252
Operating profit	12,581
Non-operating income	4,114
Interest income	253
Dividend income	2,014
Foreign exchange gains	1,212
Royalty income	297
Rental income from non-current assets	184
Other	153
Non-operating expenses	160
Interest expenses	1
Commission for purchase of treasury shares	15
Depreciation of assets for rent	81
Other	61
Ordinary profit	16,535
Extraordinary income	700
Gain on sale of non-current assets	59
Gain on sale of investment securities	480
Gain on sale of shares of subsidiaries and associates	0
Insurance claim income	112
Reversal of provision for environmental measures	48
Extraordinary losses	292
Loss on retirement of non-current assets	29
Impairment losses	100
Loss on disaster	91
Loss on sale of investment securities	0
Loss on valuation of investment securities	25
Soil pollution expense	45
Profit before income taxes	16,943
Income taxes - current	4,529
Income taxes - deferred	57
Profit	12,356

Audit Report on Consolidated Financial Statements

Independent Auditors' Report

February 17, 2025

To the Board of Directors
Pilot Corporation

ARK LLC
Tokyo Office

Designated Limited Liability Partner Managing Partner	Certified public accountant	Norikazu Shibuya
Designated Limited Liability Partner Managing Partner	Certified public accountant	Yuta Yamaki

Our opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of Pilot Corporation applicable to the consolidated fiscal year from January 1, 2024 to December 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Corporate Group that consists of Pilot Corporation and its consolidated subsidiaries applicable to the consolidated fiscal year ended December 31, 2024, in conformity with accounting principles generally accepted in Japan.

Basis for our opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethical regulations that are applicable in Japan, and we have fulfilled our other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Other information

Other information includes the business report and its supplementary schedules. Management's responsibility is to create and disclose the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of duties in terms of developing and implementing a process for reporting such other information.

The subject of the audit opinion on the consolidated financial statements does not include other information, and we do not express an opinion on the other information.

Our responsibilities in auditing the consolidated financial statements are to read through the other information to consider whether there is any major differences between the other information and the consolidated financial statements or the knowledge that we acquire in the process of the audit, and to pay attention to any signs of material errors in information other than those major differences.

We are required to report the facts when we determine that there is a material error in other information based on the procedure that was conducted.

There are no matters to be reported regarding other information.

Responsibilities of management and the Audit & Supervisory Committee relating to consolidated financial statements
Management's responsibility is to create consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan and to present them properly. The responsibility includes establishing and operating an internal control system that management considers necessary for creating consolidated financial statements that do not include any significant misstatements stemming from injustice or errors and presenting them properly.
In preparing the consolidated financial statements, management is responsible for assessing whether the preparation of the consolidated financial statements based on the going concern assumption is appropriate and for disclosing, as applicable, matters relating to the going concern based on the corporate accounting standards generally accepted in Japan.
The responsibilities of the Audit & Supervisory Committee lie in monitoring the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our responsibilities are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to express an opinion on the consolidated financial statement as independent auditors in an auditor's report. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users on the basis of the consolidated financial statements.
We exercise professional judgment and conduct the following by maintaining professional skepticism throughout the audit in accordance with the auditing standards generally accepted in Japan.

- Identify and assess the risk of material misstatements, whether due to fraud or error. We also design and perform audit procedures responsive to those risks. Audit procedures are selected and performed at our discretion. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control. However, to design audit procedures that are appropriate in the circumstances, we examine internal control relating to the audit when we assess risks.
- Evaluate the appropriateness of accounting policies adopted by management, the methods for their application and the reasonableness of accounting estimates and related notes made by management.
- Reach a conclusion on the appropriateness of the preparation of the consolidated financial statements by management on the assumption of going concern and, based on the audit evidence obtained, whether material uncertainties exist related to events or conditions that may cast significant doubt on the going concern assumption. If a material uncertainty related to the going concern assumption is identified, we are required to draw attention to it in our auditor's report to the related notes in the consolidated financial statements or, if such notes on a material uncertainty in the consolidated financial statements are inadequate, to express a modified opinion on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes are in accordance with the corporate accounting standards generally accepted in Japan and whether the presentation, structure and content of the consolidated financial statement, including related notes, and the consolidated financial statements represent the underlying transactions and accounting events appropriately.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We report the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by the auditing standards to the Audit & Supervisory Committee.
We report to the Audit & Supervisory Committee in a statement that we have complied with the professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to affect our independence, and the content of safeguards, where measures were established to eliminate or effectively mitigate any impediment.

Interest
Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report on Non-Consolidated Financial Statements

Independent Auditors' Report

February 17, 2025

To the Board of Directors
Pilot Corporation

ARK LLC
Tokyo Office

Designated Limited Liability Partner Managing Partner	Certified public accountant	Norikazu Shibuya
Designated Limited Liability Partner Managing Partner	Certified public accountant	Yuta Yamaki

Our opinion

Pursuant to Article 436, Paragraph 2-1 of the Companies Act of Japan, we have audited the balance sheet, the statement of income, the statement of changes in equity, the notes to the non-consolidated financial statements, and the related supplementary schedules (hereinafter referred to as the "financial statements etc.") of Pilot Corporation applicable to the fiscal year from January 1, 2024 to December 31, 2024.

In our opinion, the financial statements etc. referred to above present fairly, in all material respects, the financial position and results of operations of Pilot Corporation applicable to the fiscal year ended December 31, 2024, in conformity with accounting principles generally accepted in Japan.

Basis for our opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in the "Auditor's responsibilities for the audit of the financial statements etc." section. We are independent of the Company in accordance with the professional ethical regulations that are applicable in Japan, and we have fulfilled our other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Other information

Other information includes the business report and its supplementary schedules. Management's responsibility is to create and disclose the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of duties in terms of developing and implementing a process for reporting such other information.

The subject of the audit opinion on the financial statements etc. does not include other information, and we do not express an opinion on the other information.

Our responsibilities in auditing financial statements etc. are to read through the other information to consider whether there is any major differences between the other information and financial statements etc. or the knowledge that we acquire in the process of the audit, and to pay attention to any signs of material errors in information other than those major differences.

We are required to report the facts when we determine that there is a material error in other information based on the procedure that was conducted.

There are no matters to be reported regarding other information.

Responsibilities of management and the Audit & Supervisory Committee relating to financial statements etc.

Management's responsibility is to create financial statements etc. in accordance with corporate accounting standards generally accepted in Japan and to present them properly. The responsibility includes establishing and operating an internal control system that management considers necessary for creating financial statements etc. that do not include

any significant misstatements stemming from injustice or errors and presenting them properly.
In preparing the financial statements etc., management is responsible for assessing whether the preparation of the financial statements etc. based on the going concern assumption is appropriate and for disclosing, as applicable, matters relating to the going concern based on the corporate accounting standards generally accepted in Japan.
The responsibilities of the Audit & Supervisory Committee lie in monitoring the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's responsibilities for the audit of the financial statements etc.
Our responsibilities are to obtain reasonable assurance that the financial statements etc. as a whole are free from material misstatements, whether due to fraud or error, and to express an opinion on the financial statement etc. as independent auditors in an auditor's report. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users on the basis of the financial statements etc.
We exercise professional judgment and conduct the following by maintaining professional skepticism throughout the audit in accordance with the auditing standards generally accepted in Japan.

- Identify and assess the risk of material misstatements, whether due to fraud or error. We also design and perform audit procedures responsive to those risks. Audit procedures are selected and performed at our discretion. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The purpose of the audit of the financial statements etc. is not to express an opinion on the effectiveness of internal control. However, to design audit procedures that are appropriate in the circumstances, we examine internal control relating to the audit when we assess risks.
- Evaluate the appropriateness of accounting policies adopted by management, the methods for their application and the reasonableness of accounting estimates and related notes made by management.
- Reach a conclusion on the appropriateness of the preparation of the financial statements etc. by management on the assumption of going concern and, based on the audit evidence obtained, whether material uncertainties exist related to events or conditions that may cast significant doubt on the going concern assumption. If a material uncertainty related to the going concern assumption is identified, we are required to draw attention to it in our auditor's report to the related notes in the financial statements etc. or, if such notes on a material uncertainty in the financial statements etc. are inadequate, to express a modified opinion on the financial statements etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements etc. and notes are in accordance with the corporate accounting standards generally accepted in Japan and whether the presentation, structure and content of the financial statement etc., including related notes, and the financial statements etc. represent the underlying transactions and accounting events appropriately.

We report the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by the auditing standards to the Audit & Supervisory Committee.
We report to the Audit & Supervisory Committee in a statement that we have complied with the professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to affect our independence, and the content of safeguards, where measures were established to eliminate or effectively mitigate any impediment.

Interest
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of Audit & Supervisory Committee

Audit Report

The Audit & Supervisory Committee has audited the performance of duties by Directors for the 23rd fiscal year from January 1, 2024 to December 31, 2024. The following is a report on the methods and results of the audit.

1. Method and Content of Audit

The Audit & Supervisory Committee expressed its opinion about the contents of resolutions of the Board of Directors related to the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the system established under the resolutions (internal control system) after regularly receiving reports, and requesting explanations as needed, from Directors, employees and other relevant persons about the structure and operation of the system and carried out the audit in the following manner:

(1) Attended important meetings; received reports from Directors, employees and other relevant persons regarding matters related to the performance of their duties; requested them to provide explanations where necessary; examined important decision documents and associated information; and studied the operations and financial conditions at the head office as well as other principal offices and plants in accordance with the audit policy and division of duties determined by the Audit & Supervisor Committee and in cooperation with the internal control division of the Company. The Audit & Supervisory Committee also shared information and communicated with the directors and statutory auditors, etc. of subsidiaries and received business reports from subsidiaries as necessary.

(2) The Audit & Supervisory Committee reviewed the content of the basic policies provided for in Article 118, Item 3 (a) of the Regulations for Enforcement of the Companies Act described in the business report and the efforts provided for in Article 118, Item 3 (b) of said ordinance, based on the deliberations at the meetings of the Board of Directors and other meetings.

(3) The Audit & Supervisory Committee monitored and verified whether the Accounting Auditors maintain an independent position and conduct appropriate audits, received a report from the Accounting Auditors on the performance status of their duties and asked for explanations as necessary. Also, the Audit & Supervisory Committee received notification from the Accounting Auditors to the effect that "systems to ensure that duties are executed appropriately" (the matters listed in each item of Article 131 of the Regulation on Corporate Accounting) had been established in accordance with "Quality Control Standards for Auditing" (Business Accounting Council) and where necessary requested explanations.

Based on the aforementioned methods, the Audit & Supervisory Committee examined for the said fiscal year the business report and business schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) and supplementary schedules.

2. Audit Results

(1) Audit results concerning the business report, etc.

1. In our opinion, the business report and supplementary schedules fairly represent the Company's condition in accordance with the related laws and regulations, and the Articles of Incorporation.
2. With regard to the performance of duties by Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of the Articles of Incorporation.

3. In our opinion, resolutions of the meetings of the Board of Directors regarding the internal control system are fair and reasonable. Furthermore, we have found no matters requiring comment regarding the contents of the business report and the performance of duties by Directors in relation to the internal control system.
4. In our opinion, the basic policy for the requirements for individuals who control decisions on the Company's financial and business policies that is described in the business report is fair and reasonable. In our opinion, the actions specified in Article 118, Item 3 (b) of the Regulations for Enforcement of the Companies Act that are described in the business report are in line with the above basic policy. These actions do not harm the common interests of the Company's shareholders, and they are not intended to maintain the positions of any officers of the Company.

(2) Audit results concerning non-consolidated financial statements and their supplementary schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditors, ARK LLC, are fair and reasonable.

(3) Audit results concerning consolidated financial statements

In our opinion, the methods and results employed and rendered by the Accounting Auditors, ARK LLC, are fair and reasonable.

February 18, 2025

The Audit & Supervisory Committee, Pilot Corporation

Director (Full-time Audit & Supervisory Committee Member)	Yoshihiro Saimura	Seal
Outside Director (Audit & Supervisory Committee Member)	Toshizo Kamiyama	Seal
Outside Director (Audit & Supervisory Committee Member)	Tsugukiyo Fujita	Seal

(Note) Toshizo Kamiyama and Tsugukiyo Fujita, Audit & Supervisory Committee Members, are Outside Directors as defined in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.