

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



May 15, 2026

Company name: ISHIHARA CHEMICAL CO., LTD.
Name of Representative: Akihiko Fujimoto, Representative
Director and President
(Securities code: 4462; Tokyo Stock
Exchange, Prime Market)
Inquiries: Katsuya Sumi, Director and Chief
Administration Officer
(Telephone: +81-78-682-2312)

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

ISHIHARA CHEMICAL CO., LTD. (the "Company") at the Board of Directors meeting held on May 14, 2008, resolved, with the unanimous approval of all Directors, to adopt a policy in response to large-scale purchases of the Company's shares, which was approved by our shareholders at the Annual General Meeting of Shareholders held on June 27 of the same year. The purpose of this resolution was to ensure and enhance our corporate value and the collective interests of our shareholders, as part of our Basic Policy regarding the way a person is to control the determination of financial and business policies of the Company (as defined in Article 118, Item 3 of the Regulations for Enforcement of the Companies Act; hereinafter the "Basic Policy on Control of the Company") and as one of our efforts to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policy on Control of the Company (Article 118, Item 3 (b) 2.). Subsequently, the Company has continued to implement the policy with certain revisions to the previous content, following the approval by our shareholders at the Annual General Meeting of Shareholders held on June 28, 2011, the Annual General Meeting of Shareholders held on June 26, 2014, the Annual General Meeting of Shareholders held on June 28, 2017, the Annual General Meeting of Shareholders held on June 25, 2020, and Annual General Meeting of Shareholders held on June 28, 2023 (the response policy approved at the Annual General Meeting of Shareholders held on June 28, 2023, is hereinafter referred to as the "Current Response Policy"). The Current Response Policy is set to expire at the conclusion of the first Board of Directors meeting to be held following the Company's Annual General Meeting of Shareholders to be held on June 25, 2026 ("this Annual General Meeting of Shareholders"). However, the Company has been considering whether to continue the Current Response Policy measures and to make revisions to them, in light of changes in socio-economic conditions after the introduction and continuation of the Current Response Policy measures, as well as developments in discussions on policies for responding to takeovers, including the "Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholders' Interests—,"

which was published by the Ministry of Economy, Trade and Industry (METI) on August 31, 2023, and the “Principle 1.5 Anti-Takeover Measures” in Japan’s Corporate Governance Code, which was introduced by the Tokyo Stock Exchange on June 1, 2015, and revised on June 1, 2018, and June 11, 2021, respectively. The Company hereby announces that it has decided, at the Board of Directors meeting held today, to continue the Current Response Policy, subject to the approval of our shareholders at this Annual General Meeting of Shareholders (hereinafter the response policy to be continued is referred to as the “New Response Policy”). There are no changes to the basic content of the New Response Policy.

The New Response Policy applies to: (1) any purchases of the Company’s shares that aim to increase the voting rights ratio (Note 2) of a specific shareholder group (Note 1) to 20% or higher; (2) any purchases of the Company’s shares that would result in the voting rights ratio of a specific shareholder group reaching 20% or higher; and (3) regardless of whether any of the acts described in (1) or (2) above has been carried out, any acts taken by a specific shareholder group of the Company in conjunction with another shareholder of the Company (including cases of multiple shareholders; the same shall apply to hereafter in (3)), and agreements or any other acts that would cause such another shareholder to fall under the category of joint holders of such specific shareholder group as a result of such acts; or any acts (Note 4) to establish a relationship between such specific shareholder group and such another shareholder in which one substantially controls the other or they act in collaboration or cooperation (Note 3) (provided, however, that this applies only in cases where the combined voting rights ratio of such specific shareholder group and such another shareholder totals at least 20% with respect to share certificates, etc. issued by the Company) (In each case, this includes acts deemed by the Company’s Board of Directors to fall under these categories, excluding those for which the Company’s Board of Directors has given prior consent.) Hereinafter, such an act shall be referred to as “Large-Scale Purchase,” and a person engaging in such acts shall be referred to as a “Large-Scale Purchaser.”

The New Response Policy has gained support from all four Audit and Supervisory Committee Members—including three outside Audit and Supervisory Committee Members, provided that it is implemented appropriately.

The Company plans to submit the New Response Policy as an agenda item at this Annual General Meeting of Shareholders, including the delegation of authority from the General Meeting of Shareholders to the Independent Committee to consider and determine whether the Company is in a position to take countermeasures, and seek approval from our shareholders. If the New Response Policy is approved by a majority of the shareholders present, it will take effect at the conclusion of the first Board of Directors meeting held thereafter.

The provisions of laws and regulations cited in the New Response Policy are based on those in effect as of May 15, 2026. If, on or after the effective date, any amendments are made to the law and regulations (including amendments to the names of laws and regulations or the enactment of new laws and regulations that succeed previous ones) and come into effect, each provision of the law and regulations cited in the New Response Policy shall be replaced by the corresponding provision of the law and regulations that substantially succeed such amended provisions, unless otherwise specified

by the Company's Board of Directors.

I Basic Policies on Control Over the Company

1. The Company's Corporate Philosophy and Management Strategy

The Company was founded in April 1900 (Meiji 33) in Hyogo-ku, Kobe City, under the name of Ishihara Eijudo, and began operation as a wholesaler and retailer of pharmaceuticals and industrial chemicals. In April 1925 (Taisho 14), with the establishment of Ishihara Eijudo General Partnership, the Company was formally incorporated, which was reorganized into Ishihara Eijudo Co., Ltd. in March 1939 (Showa 14), renamed to Ishihara Pharmaceutical Co., Ltd. in March 1946 (Showa 21) and then to ISHIHARA CHEMICAL CO., LTD. in October 2013 (Heisei 25), leading to its current state. Over the course of history spanning more than 120 years, the Company has established its three-part corporate philosophy of self-development, product development, and market development. Even today, guided by this philosophy, we are pursuing basic management policies of contributing to the realization of a sustainable society while earning trust and meeting expectations of our stakeholders—shareholders, business partners, employees, and others.

We believe that our corporate philosophy and management policies are the very foundation of our corporate value and the common interests of our shareholders.

2. Basic Policies

The Company was listed on the Osaka Securities Exchange (currently, Osaka Exchange) in November 1991, and has been listed on the Tokyo Stock Exchange since March 2011, making its shares publicly traded. As a publicly listed company, the Company's Board of Directors will not interfere with the buying and selling of the Company's shares by its shareholders and investors. The Board of Directors is committed to striving to enhance the Company's corporate value and the common interests of its shareholders from a medium- to long-term perspective. We will do so mainly by focusing intensively on research and development and by advancing our management based on our medium-term basic management strategy, all in accordance with the corporate philosophy and management policies outlined in **1. The Company's Corporate Philosophy and Management Strategy**. Through these efforts, we aim to ensure that our shareholders continue to support our management policies and maintain their investment in the Company over the long term. We believe, however, that, if a Large-Scale Purchaser emerges, the decision should ultimately be left to the judgment of our shareholders about whether such purchaser is suitable to exercise control over decisions regarding the Company's financial and business policies.

Nevertheless, among Large-Scale Purchases of shares or similar acts, there are many that hinder, in light of its purpose, nature, and other factors, the ensuring and enhancement of the targeted company's corporate value and the common interests of its shareholders, and thus lack the necessary basis to be left to the judgement of individual shareholders. Such cases include:

those that impair corporate value and the common interests of shareholders; those that coerce the shareholders of the targeted company into accepting such a Large-Scale Purchase or similar act, thereby potentially putting them at disadvantage; and those that fail to provide the targeted company's board of directors and shareholders with sufficient information regarding the details of the Large-Scale Purchase or similar act, and fail to allow sufficient time for the board of directors and shareholders to review the terms of purchase or for the target company's board of directors to propose an alternative plan.

The Company considers such a person conducting a Large-Scale Purchase that hinders the ensuring and enhancement of its corporate value and the common interests of its shareholders inappropriate as the controlling person who determines the policies of the Company's finances and business. We thus believe that, in response to such Large-Scale Purchases, the Company's Board of Directors should take appropriate measures to ensure and enhance the Company's corporate value and the common interests of its shareholders based on the prior approval of its shareholders or their decisions, to the extent permitted by laws and regulations and the Articles of Incorporation. We hereby consider this as our basic policy regarding the persons who control the Company's decisions on financial and management policies.

II Initiatives to Contribute to Realizing the Basic Policy

The Company is committed, as outlined below, to enhancing its corporate value and the common interests of its shareholders through medium-term basic management strategy, CSR activities, and efforts to strengthen corporate governance, in accordance with its corporate philosophy and management policies stated in **I 1. The Company's Corporate Philosophy and Management Strategy**. We believe that these initiatives contribute to realizing the Basic Policy on Control of the Company mentioned earlier.

1. The Company's Medium-Term Basic Management Strategy

Since our founding, we have centered our business on surface science—the study of physical phenomena at the boundaries between substances such as gases, liquids, and solids—and have dedicated ourselves to fulfilling our social mission of “Creating the functions of materials surface.” Furthermore, we are expanding into the field of science by integrating our chemical technologies with physical technologies, such as mechanical and electrical engineering.

We have established four basic strategy pillars, as described below, as part of our basic management strategy, implementing company-wide efforts to enhance our corporate value and the common interests of our shareholders by primarily securing ordinary profit and improving ROE (return on equity) and EPS (earnings per share).

- (1) We actively invest in research and development to develop new products and technologies, and will also expand our businesses by entering related fields and new markets.
- (2) We pursue a well-balanced expansion of our three core fields (Electronics related

chemicals and materials, Automotive chemicals, and Industrial chemicals) and four businesses (Plating chemicals & Automatic control equipment for chemicals, Electronic materials, which are in the field of Electronics related chemicals and materials; Automotive chemicals for aftermarket; Inorganic compounds & Fine chemicals), thereby enhancing the profitability of each business and driving overall growth in the Company's performance.

- (3) We increase the proportion of our own products and expand gross profit, aiming to become a highly profitable company.
- (4) We designate the field related to electronic materials as a key development area and cultivate it as our fifth business.

Furthermore, we also have implemented flexible measures to return profits to our shareholders, such as increasing dividends in line with improved business performance, while maintaining a policy of paying stable dividends on an ongoing basis as part of the distribution of profits generated through our business operations. Going forward also, we intend to continue adhering to this policy.

2. The Company's CSR (Corporate Social Responsibility) Activities and Initiatives to Strengthen Corporate Governance

The Company's social mission is "Creating the functions of materials surface." Consistent with this mission, we are committed to creating and providing value that benefits society from a long-term perspective, thereby contributing to sustainable economic growth and a prosperous future.

Furthermore, to contribute to realizing a sustainable society, we are developing and launching eco-friendly products, while also enhancing environmental protection measures at our Head Office, Tokyo Branch, Kobe Plant, and Shiga Plant, which is located near Lake Biwa. In addition, we have obtained certification for ISO 9001, an international standard for quality management systems, and ISO 14001, an international standard for environment management systems. Using the certification as tools, we conduct thorough maintenance and management of quality and the environment, as well as environmentally responsible business operations, thereby contributing to protecting the global environment.

We view it as key priorities to enhance our management framework that enables efficient and sound management and facilitate prompt decision making, and to strengthen our management oversight function to ensure management transparency. With this in mind, we are striving to establish and strengthen appropriate corporate governance through measures, including enhancing compliance under the supervision of the Compliance and Risk Management Committee, ensuring fair disclosure of information, and engaging in constructive dialog with stakeholders.

III Initiatives to Prevent Persons or Companies Regarded as Inappropriate from Gaining Control over Decisions on the Company's Financial and Business Policies in Accordance

with the Basic Policies on Control Over the Company

We plan to establish and maintain a New Response Policy as one of our measures to prevent persons or companies regarded as inappropriate from gaining control over decisions on the Company's financial and business policies, in accordance with the Basic Policies on Control over the Company, as described in **I Basic Policies on Control Over the Company** above.

The specific details are as follows.

1. Basic Concept on Large-Scale Purchases

To begin with, the Company's Board of Directors does not necessarily hold a negative view of any Large-Scale Purchase. However, there are many instances of Large-Scale Purchases that do not necessarily serve to ensure or enhance the corporate value of the target company, and by extension, the common interests of its shareholders. In response to such Large-Scale Purchases, we believe it is necessary for the Company to take certain countermeasures in advance, based on the basic policies described in **I Basic Policies on Control Over the Company** above, to ensure that no circumstances arise that would hinder the ensuring and enhancement of the Company's corporate value and the common interests of its shareholders. Having stated that, regarding Large-Scale Purchases other than those that significantly conflict with the ensuring and enhancement of the Company's corporate value and the common interests of its shareholders, we believe that the final decision on whether to accept such purchases should be left to our shareholders, rather than the Company's Board of Directors.

As stated above, when the final decision on a Large-Scale Purchase should be left to our shareholders, it is essential that our shareholders be provided with sufficient information and time to carefully consider the matter to make an informed decision. From this perspective, the New Response Policy fundamentally requires Large-Scale Purchasers to provide information described below and refrain from commencing Large-Scale Purchases until sufficient time has passed for our shareholders to give the matter careful consideration.

Furthermore, in light of the initiatives to ensure and enhance the Company's corporate value and the common interests of its shareholders, described in **II Initiatives to Contribute to Realizing the Basic Policy** above, we believe that our shareholders should be given appropriate information not only from the Large-Scale Purchaser but also from the Company's Board of Directors to help them assess the appropriateness of the purchase price and other conditions associated with the Large-Scale Purchase. From this perspective, the Company's Board of Directors will request that the Large-Scale Purchaser provide information on the Large-Scale Purchase. Once such information is provided, the Board of Directors will evaluate and review it, and then compile and announce its opinion so that our shareholders can make more informed decisions. If the Company's Board of Directors deems it necessary, it will engage in negotiations with the Large-Scale Purchaser and present alternative proposals to our shareholders.

The Company's Board of Directors believes that when Large-Scale Purchases are conducted in accordance with specific, reasonable rules that concretely express the basic principles outlined above, such purchases contribute to ensuring and enhancement of the Company's corporate value and the common interests of its shareholders. Accordingly, the Company has established the rules described below regarding Large-Scale Purchases of the Company's shares (hereafter, the "Large-Scale Purchase Rules") and requires Large-Scale Purchasers to comply with the Large-Scale Purchase Rules. If a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, the Company's Board of Directors shall be authorized to take certain countermeasures based solely on the violation of the said rules. We believe that, considering the basic principles outlined above, a Large-Scale Purchaser's failure to comply with the Large-Scale Purchase Rules poses a threat to the availability of information and time necessary for our shareholders to make informed decisions, which in turn undermines the common interests of our shareholders. We also believe that establishing these rules in advance for ensuring transparency will provide greater predictability for Large-Scale Purchasers compared to a case where such rules are not in place. This will help prevent a situation where a chilling effect is imposed on even those Large-Scale Purchases that are conducive to ensuring and enhancing the Company's corporate value and the common interests of its shareholders, restricting themselves from conducting such purchases.

Note that the Company is not currently facing any specific threat of a takeover.

The Company's major shareholders as of March 31, 2026, are stated in **Appendix 1**.

2. Purpose and Details of the Large-Scale Purchase Rules

(1) Purpose of the Large-Scale Purchase Rules

The purpose of the Large-Scale Purchase Rules is, in the case of a purchase of the Company's shares on a scale that could influence the Company's management, to provide the Company's shareholders with information from the Large-Scale Purchaser and the opinions of the Company's Board of Directors based on its evaluation and review. This provision is necessary for the shareholders to assess and consider whether to accept such a purchase, from the perspective of protecting the Company's corporate value and the common interests of its shareholders. Moreover, in certain circumstances, these Rules intend to ensure that our shareholders can receive alternative proposals from the Company's Board of Directors, as well as to allow them sufficient time for careful consideration, thereby enabling them to make informed decisions.

If the Large-Scale Purchase Rules are not complied with, the Company may take the countermeasures specified in **4. Failure to Comply with the Large-Scale Purchase Rules** below.

Even if the Large-Scale Purchase Rules are complied with, as specified in **3. (2) Procedures to Follow in Cases Where a Large-Scale Purchase is Deemed to Significantly Undermine the**

Ensuring and Enhancement of the Company's Corporate Value and the Common Interests of its Shareholders below, if such a Large-Scale Purchase is deemed to significantly undermine the ensuring and enhancement of the Company's corporate value and the common interests of its shareholders, the Company may take countermeasures deemed appropriate to protect its corporate value and the common interests of its shareholders, either after consulting with and receiving recommendations from the Independent Committee, or after obtaining approval from the Annual General Meeting of Shareholders, regarding whether we are in a position to take such countermeasures.

These countermeasures may ultimately result in any disadvantage, including financial loss, for the Large-Scale Purchaser.

(2) Details of the Large-Scale Purchase Rules

The Large-Scale Purchase Rules require a Large-Scale Purchaser to provide sufficient information to the Company's Board of Directors prior to commencing a Large-Scale Purchase. Based on this information, the Board of Directors evaluates and reviews the purchase, and after a certain period is passed, the Large-Scale Purchaser is permitted to commence the purchase.

As mentioned earlier, a large-scale purchase refers to: (1) any purchases of the Company's shares that aim to increase the voting rights ratio of a specific shareholder group to 20% or higher; (2) any purchases of the Company's shares that would result in the voting rights ratio of a specific shareholder group reaching 20% or higher, and (3) any acts taken by a specific shareholder group of the Company in conjunction with another shareholder of the Company, and as a result of such acts, agreements or any other acts that would cause such another shareholder to fall under the category of joint holders of such specific shareholder group, or any acts to establish a relationship between such specific shareholder group and such another shareholder in which one substantially controls the other or they act in collaboration or cooperation. However, if the Company's Board of Directors has given prior consent those acts, they do not fall under the category of Large-Scale Purchases. Nevertheless, if the Company's Board of Directors withdraws such consent due to: (a) a change in the facts upon which the Board of Directors' consent was based; or (b) the Board of Directors' determination that such facts are not true, the Large-Scale Purchase Rules shall apply mutatis mutandis to such purchases as the Large-Scale Purchase, from the time of withdrawal of such consent (in case (a)), or from the time of initial purchase or similar act (in case (b)). When the Company's Board of Directors wishes to withdraw such consent, it may seek advice from the Independent Committee if the Board of Directors deems it necessary.

The details of the Large-Scale Purchase Rules are as follows.

i. Establishment of an Independent Committee

The Company will establish an Independent Committee, an organization independent of

the Company's Board of Directors, as a permanent body of the Company. The purpose of this establishment is to ensure the objectivity and reasonableness of the procedures conducted in accordance with the Large-Scale Purchase Rules, and to ensure the objectivity and reasonableness of the decisions made by the Company's Board of Directors when implementing measures deemed appropriate to protect the Company's corporate value and the common interests of shareholders in cases where the Large-Scale Purchase Rules are complied with. As described in (c) below, the Independent Committee may issue a recommendation to the Company's Board of Directors regarding whether we should take countermeasures. Therefore, in the proposal regarding the New Response Policy that is to be submitted at this Annual General Meeting of Shareholders, we plan to obtain approval to delegate the authority from the General Meeting of Shareholders to the Independent Committee so that the committee can consider and determine whether the acquisition of management control by a Large-Scale Purchaser or those involved would significantly undermine the ensuring and enhancement of the Company's corporate value and the common interests of its shareholders and whether we should take countermeasures.

The Independent Committee shall consist of three to five members, who shall be appointed by the Company's Board of Directors from among independent outside Directors (including independent outside Directors who are Audit and Supervisory Committee Members; the same applies hereinafter), attorneys, certified public accountants, tax accountants, academic experts, individuals with expertise in investment banking or our business areas, and external executives.

The Company resolved, at the Board of Directors meeting held on May 15, 2026, to appoint three persons as the Independent Committee members of the New Response Policy, subject to the approval of our shareholders for the New Response Policy. The career summary of these three members is described in **Appendix 2**.

Specifically, the Independent Committee will be responsible for the following roles.

- (a) The Committee shall provide advice to the Company's Board of Directors to assist in determining whether information provided by the Large-Scale Purchaser is sufficient, with respect to item **iii. Provision and Disclosure of Information on Large-Scale Purchase** below.
- (b) When the Company's Board of Directors determines whether to extend the Board of Directors' Evaluation Period, the Committee shall issue a recommendation to the Company's Board of Directors about whether to extend it, with respect to item **iv. Setting of the Board of Directors' Evaluation Period** below.
- (c) If a Large-Scale Purchase is deemed to significantly undermine the ensuring and enhancement of the Company's corporate value and the common interests of its shareholders, and if the Company's Board of Directors seeks advice from the Independent Committee about whether to take countermeasures, the Committee

shall issue a recommendation to the Board of Directors about whether the Company should take countermeasures, with respect to item **3. (2) Procedures to Follow in Cases Where a Large-Scale Purchase is Deemed to Significantly Undermine the Ensuring and Enhancement of the Company's Corporate Value and the Common Interests of its Shareholders** below.

- (d) The Committee shall provide, if asked, the Company's Board of Directors with guidance on the existence of violation of the Large-Scale Purchase Rules to help the Board of Directors determine whether the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, with respect to item **4. Failure to Comply with the Large-Scale Purchase Rules** below.
- (e) When the Company's Board of Directors determines whether to cancel the implementation of countermeasures, the Committee shall issue a recommendation to the Board of Directors about whether it is appropriate to maintain the implementation of such countermeasures, with respect to item **6. (1) Impacts of Large-Scale Purchase Rules on Shareholders and Investors** below.

The Independent Committee may, at the Company's expense, seek advice from third parties, including financial advisors, attorneys, certified public accountants, tax accountants, consultants, and other experts, to ensure the appropriateness and reasonableness of the Independent Committee's decisions.

In addition, the Independent Committee shall regularly hold meetings to receive reports from the Company's Directors on the Company's business performance, including the progress of its medium-term management strategy.

ii. Submission of the Letter of Intent

If a Large-Scale Purchaser intends to engage in a Large-Scale Purchase, the purchaser shall first submit to the Company a written statement in Japanese, containing an agreement to comply with the Large-Scale Purchase Rules (hereinafter the "Letter of Intent"). The Letter of Intent must clearly state, in Japanese, the name, address, governing law for establishment, name of the representative, and contact information in Japan of the Large-Scale Purchaser, and also the overview of the proposed Large-Scale Purchase, which must be signed and sealed by the representative and accompanied by a certificate of said representative's qualifications.

iii. Provision and Disclosure of Information on Large-Scale Purchase

Within ten (10) business days of our receipt of such a Letter of Intent, the Company's Board of Directors shall provide the Large-Scale Purchaser with a list of information (in Japanese) that is to be provided to assist the Company's shareholders in making their decisions and the Board of Directors in forming its opinions (hereinafter the "Large-Scale Purchase Information"), and shall request that the purchaser promptly provide the

information listed therein in Japanese. If the Board of Directors determines that the information is insufficient to constitute the Large-Scale Purchase Information, additional information may be required until sufficient Large-Scale Purchase Information has been obtained. The following describes the items included in the Large-Scale Purchase Information:

- (a) An overview the Large-Scale Purchaser and its group (including major shareholders or investors, and significant subsidiaries and affiliates; in the case of a fund, major union members, investors (whether direct or indirect) and other members, the managing partner, and persons who provide ongoing investment advice) (including specific names, capital structure, investment ratio, financial details, names and career summary of officers, business activities, and experience in businesses similar to those of the Company)
- (b) The purpose, method, and details of the Large-Scale Purchase (including the price, type, and details of the purchase price; the timing of the purchase; the structure of related transactions; if the Company is likely to be delisted after the completion of the Large-Scale Purchase, a statement to that effect and reasons for it; the legality of the purchase method; the probability that the purchase will be effected; and the history of past buyouts and purchases)
- (c) Existence of communications with third parties about the Large-Scale Purchase and the content thereof, if any
- (d) Basis for calculating the purchase price of the Large-Scale Purchase (including the facts and assumptions underlying the calculation, calculation method, figures used in the calculation, and the amount of expected synergies from the series of transactions related to the purchase and the basis for that calculation)
- (e) Source of funds for the Large-Scale Purchase (including: the specific name and other details of the provider of such funds—including substantial providers, regardless of direct or indirect substantial provision; the method of raising the funds; and related transactions)
- (f) Intended management policies and business plans of the Company after the completion of the Large-Scale Purchase (including funding plans, investment plans, capital policies, dividend policies, and asset utilization policies)
- (g) Measures for utilizing patents, brands, and other assets to sustainably enhance the Company's corporate value and the common interests of its shareholders, along with the rationale behind them
- (h) Policy on responding to the customers, business partners, employees, concerned individuals in local communities, and other stakeholders
- (i) Any other information that the Company's Board of Directors or the Independent Committee deems reasonably necessary

The Company's Board of Directors shall disclose to the Company's shareholders all or part of the information on the fact that a proposal for a Large-Scale Purchase has been made and the Large-Scale Purchase Information provided to the Board of Directors at such times as we deem appropriate for our shareholders to make an informed decision. In addition, the Independent Committee may, as necessary, request the Company's Board of Directors to provide the Committee with the information obtained from the Large-Scale Purchaser. If such a request is made, the Company's Board of Directors shall provide the Independent Committee with such information.

iv. Setting of the Board of Directors' Evaluation Period

The Company's Board of Directors believes that the following period should be granted upon completion of provision of the Large-Scale Purchase Information: sixty (60) days (in the case of the purchase of all of our shares by tender offer with cash-only (yen) consideration) or ninety (90) days (in the case of any other Large-Scale Purchase), according to the degree of difficulty of evaluation and review of the Large-scale Purchase. This period is intended to allow the Board of Directors to conduct its evaluation, review, negotiation, opinion-forming, and formulation of alternative proposals (hereinafter the "Board of Directors' Evaluation Period"). During the Board of Directors' Evaluation Period, the Company's Board of Directors shall thoroughly evaluate and review the Large-Scale Purchase Information provided, while seeking advice from outside Directors, external experts, and others. The Board of Directors then shall carefully formulate its opinion thereon, and immediately after the conclusion of the Board of Directors' Evaluation Period, decide on whether to take countermeasures and announce the result. Furthermore, if the Board of Directors deems it necessary, it may negotiate with the Large-Scale Purchaser to improve the terms of the Large-Scale Purchase and may present an alternative proposal to the Company's shareholders.

The Company's Board of Directors shall announce the commencement of the Board of Directors' Evaluation Period after the provision of the Large-Scale Purchase Information has been completed. If there are unavoidable circumstances that prevent the Board of Directors from reaching a consensus as the Board of Directors within the Board of Directors' Evaluation Period, it may explain to the Independent Committee the necessity and reasons for extending the Board of Directors' Evaluation Period and seek the Committee's advice on whether to extend the period. Then, after giving utmost consideration to the Committee's recommendation, the Board of Directors may decide to extend the Board of Directors' Evaluation Period and the period of such extension. However, any extension of the Board of Directors' Evaluation Period shall be limited to the extent deemed necessary for evaluating and reviewing the information provided by the Large-Scale Purchaser, negotiating with the Large-Scale Purchaser, and formulating

alternative proposals, and shall be limited to a period not exceeding thirty (30) days. In addition, should the Company's Board of Directors decide to extend the Board of Directors' Evaluation Period, the Company will immediately disclose to its shareholders the specific extension period and the reasons why that period needs to be extended.

v. Non-Commencement of a Large-Scale Purchase

The Large-Scale Purchaser shall not commence the Large-Scale Purchase until the Board of Directors' Evaluation Period has expired (however, as provided in **3. (4) Holding of General Meeting of Shareholders** below, if, in determining whether to take countermeasures, the Company's Board of Directors decides to hold a general meeting of shareholders and follow its decision, the Large-Scale Purchaser shall not commence the Large-Scale Purchase until the resolution to take the countermeasures is rejected at the said meeting). If, contrary to the above, the Large-Scale Purchaser commences the Large-Scale Purchase, the Board of Directors shall be entitled to take countermeasures solely on that basis.

3. Compliance with the Large-Scale Purchase Rules

(1) General Rules

Should a Large-Scale Purchaser comply with the Large-Scale Purchase Rules, the Board of Directors of the Company in principle will not implement countermeasures even if it is opposed to the proposed Large-Scale Purchase, in which case, the Board of Directors still may choose to express its opposition to the proposed Large-Scale Purchase or propose alternative plans in a bid to try persuading shareholders not to approve the Large-Scale Purchase. Shareholders may determine whether to accept the Large-Scale Purchase that has been proposed by the Large-Scale Purchaser after considering factors such as the proposed purchase, the opinions of the Company's Board of Directors with respect to the purchase, and alternative proposals that may have been proposed by the Board of Directors.

(2) Procedures to Follow in Cases Where a Large-Scale Purchase is Deemed to Significantly Undermine the Ensuring and Enhancement of the Company's Corporate Value and the Common Interests of its Shareholders

However, even if a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if the Large-Scale Purchase is found to be significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders and it is deemed appropriate to take countermeasures, the Board of Directors may choose to implement relevant countermeasures described in **5. Specifics of Countermeasures** below at a point deemed appropriate to protect the Company's corporate value and the common interests of its shareholders.

In particular, if the proposed Large-Scale Purchase is judged to fall under any of the patterns

that are enumerated in i. to x. below, in principle the purchase will be deemed significantly detrimental to the Company's corporate value and the common interests of its shareholders.

- i. It is determined that the party, though having no genuine intention of participating in the management of the Company (so-called greenmailer), is acquiring the Company's shares solely with the aim of inflating the share price and having parties related to the Company take back the shares at a higher price.
- ii. It is determined that the party's primary objective in acquiring the Company's shares is to temporarily take control of the management of the Company and to transfer the intellectual property rights, know-how, trade secrets, major business partners, customers, etc. necessary for the management of the Company to the Large-Scale Purchaser, its group companies, etc.
- iii. It is determined that the party is acquiring the shares of the Company with the plan to improperly divert the assets of the Company for use as collateral for debts of the Large-Scale Purchaser or its group companies or as funds for repayment after taking control of the management of the Company.
- iv. It is determined that the party is primarily acquiring the Company's shares to temporarily control the management of the Company, dispose of high-value assets such as real estate and securities that are not involved currently in the business of the Company, and use the proceedings from the disposal to temporarily inflate the dividends or seek opportunities to raise the stock price sharply using the temporary high dividend in order to sell off the shares at a high price.
- v. It is determined that the conditions of acquisition of the Company's stock certificates, etc. proposed by the Large-Scale Purchaser, including but not limited to the price, type, and details of the purchase price; timing of the purchase, method, legality, and feasibility, are judged to be inadequate or inappropriate in light of the Company's corporate value.
- vi. The acquisition method proposed by the Large-Scale Purchaser is acquisition by a coercive method that structurally restricts the opportunity for shareholders to make a judgment or the freedom to do so, typified by a two-tier takeover (purchase of shares through tender offers or other means, whereby no solicitation to purchase all of the shares is made in the initial purchase and the terms for the second-stage purchase are set less favorably or are not clarified), effectively forcing the shareholders to comply with the sale (however, the fact that the share acquisition method is a partial tender offer alone does not automatically constitute this).
- vii. It is expected that the acquisition of controlling rights of the Company by the Large-Scale Purchaser will damage not only the common interests of the shareholders but also important management resources that are the source of the Company's corporate value such as highly original technologies and know-how, knowledge and information of a specific market, strong relationships of trust with business partners built over a long period of time, and high-quality human resources well-versed in

their areas of expertise.

- viii. It is determined that the acquisition by the Large-Scale Purchaser would not result in an improvement in the medium- to long-term future corporate value of the Company compared to the case where the acquisition is not carried out.
- ix. It is determined that the Large-Scale Purchaser is inappropriate as a controlling shareholder of the Company from the standpoint of public order and morals, such as in cases where the management team or major shareholders of the Large-Scale Purchaser include persons involved with antisocial forces.
- x. Other cases that conform to any of i. to ix. and are determined to be significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders.

To examine and determine whether the proposed Large-Scale Purchase is significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders, the Company's Board of Directors, based on the information of the Large-Scale Purchase provided by the Large-Scale Purchaser, will examine the said Large-Scale Purchaser and the details of the Large-Scale Purchase (purpose, method, and target as well as the price, type, and details of the purchase price) as well as the impact of the Large-Scale Purchase on the Company's corporate value and the common interests of its shareholders. To ensure objectivity and rationality of the examination, the Board of Directors, at a time it deems appropriate, consults with the Independent Committee, which has been authorized by the General Meeting of Shareholders to examine and determine whether the situation allows invoking countermeasures, regarding whether the said Large-Scale Purchase is significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders and whether the situation allows invoking countermeasures. The Board of Directors will treat the recommendation of the Independent Committee with utmost respect and will gain the consent of all outside Directors. However, if the Company's Board of Directors determines that it is appropriate, it may, as an exception, convene a general meeting of shareholders, instead of the consultation with the Independent Committee, to directly confirm the intent of the shareholders regarding the necessity to take countermeasures. Therefore, the decision as to whether the situation falls under any of the categories i. to x. above and whether it is appropriate to take countermeasures is always made after confirming the recommendation of the Independent Committee or the intent of the General Meeting of Shareholders.

(3) Consultation with Independent Committee

If the Company's Board of Directors chooses to consult with the Independent Committee to examine whether or not to take countermeasures, the Independent Committee makes recommendation to the Board of Directors as to whether the acquisition of management control by the Large-Scale Purchaser or its related parties is significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders and

whether the situation allows invoking countermeasures. The Board of Directors shall give utmost respect to the recommendation when examining and determining whether the said Large-Scale Purchase is deemed to be significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders.

However, despite the Independent Committee's recommendation that countermeasures cannot be taken as it did not find the Large-Scale Purchase to be significantly detrimental to the Company's corporate value and the common interests of its shareholders, if the Board of Directors still tries to make a decision contrary to the recommendation on the grounds that complying the recommendation violates the director's duty of due care of a prudent manager, the Board of Directors shall convene a general meeting of shareholders and follow the decision made at the general meeting of shareholders. In this case, the general meeting of shareholders shall be convened in accordance with the procedure described in **(4) Holding of General Meeting of Shareholders** below.

Even if the Independent Committee once made a recommendation that countermeasures cannot be taken based on its judgment that the Large-Scale Purchase is not found to be significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders, but later, due to changes occurring in the facts upon which the said recommendation was based or the Independent Committee recognizing that the said facts were not true, which resulted in the said Large-Scale Purchase falling under any of the categories 1) to 10) of above (2), if it comes to the conclusion that the said Large-Scale Purchase is significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders, the Independent Committee shall not be precluded from making a fresh recommendation to the Board of Directors for invoking countermeasures.

Furthermore, even if the Independent Committee found that the Large-Scale Purchase is significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders and once made a recommendation that allows invoking countermeasures, the Independent Committee shall not be precluded from making a fresh recommendation to the Board of Directors to suspend the countermeasures, if it comes to the conclusion that the said Large-Scale Purchase is not significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders as (a) the Large-Scale Purchase was not carried out because the Large-Scale Purchaser withdrew the Large-Scale Purchase or for other reasons or (b) the said Large-Scale Purchase no longer fell under the categories 1) to 10) of above (2) as a result of changes in the facts on which the said recommendation was based or the Independent Committee recognizing that the said facts were not true.

(4) Holding of General Meeting of Shareholders

If the Board of directors of the Company chose to convene a general meeting of shareholders for determining whether or not to take countermeasures and follow the meeting's decision, it shall immediately set forth the record date for determining the shareholders who are entitled to

exercise voting rights at the said general meeting of shareholders, in accordance with the method of public notice prescribed in the Company's Articles of Incorporation (hereinafter the "Record Date for the General Meeting of Shareholders for Confirmation of Shareholders' Intent" and it shall be within 30 days from the date of the said public notice). The shareholders who are listed or recorded in the final shareholder register on the Record Date for the General Meeting of Shareholders for Confirmation of Shareholders' Intent are entitled to exercise their voting rights at the general meeting of shareholders.

The Board of Directors shall convene the said general meeting of shareholders as soon as possible from the Record Date for the General Meeting of Shareholders for Confirmation of Shareholders' Intent and submit a proposal seeking approval for taking countermeasures to the Large-Scale Purchase. The result of the said general meeting of shareholders shall be disclosed immediately after the resolution.

If the record date of the Company's Annual General Meeting of Shareholders has arrived at the point when the Board of Directors Examination Period ended, and if the Company has not sent the convocation notice of the Annual General Meeting of Shareholders, for which the record date is set, to shareholders, or even if the Company has already sent it, the Board of Directors may, if it decides it is appropriate, submit a proposal regarding taking countermeasures to the Large-Scale Purchase at the said Annual General Meeting of Shareholders without making a public notice regarding the Record Date for General Meeting of Shareholders for Confirmation of Shareholders' Intent.

(5) Non-Commencement of Large-Scale Purchase

If the Board of Directors choose to hold a general meeting of shareholders for determining whether or not to take countermeasures and follow the decision of the meeting, the Large-Scale Purchaser cannot commence the Large-Scale Purchase until the taking of the countermeasures is rejected by the said general meeting of shareholders (further, the Board of Directors Examination Period also needs to have passed by the time of commencement of the Large-Scale Purchase as stated in above **2. (2) iv. Setting of the Board of Directors Evaluation Period**). If, contrary to the above, the Large-Scale Purchaser commences the Large-Scale Purchase, the Board of Directors shall be entitled to take countermeasures solely on that basis.

4. Failure to Comply with the Large-Scale Purchase Rules

If the Large-Scale Purchase does not comply with the Large-Scale Purchase Rules, the Board of Directors of the Company may take relevant countermeasures described in **5. Specifics of Countermeasures** below and counter the Large-Scale Purchase. To counter the Large-Scale Purchase, the Board of Directors, if it finds necessary, may consult with the Independent Committee or convene a general meeting of shareholders in the same manner as above **3. Compliance with the Large-Scale Purchase Rules**. In this case, if the Independent Committee makes a recommendation, the Board of Directors shall give utmost respect to the recommendation, and if the general meeting of shareholders is convened, it shall respect the

resolution of the said general meeting of shareholders.

5. Specifics of Countermeasures

The countermeasures, to a Large-Scale Purchase to be taken based on the New Response Policy, that the Company will take upon passing of a resolution at the General Meeting Shareholders or by its Board of Directors, are measures approved by the Companies Act and other relevant laws as well as the Company's Articles of Incorporation including allotment of share options without contribution, third-party allotment of share options, and issuance of new shares. The Company shall select a countermeasure that is deemed appropriate at that time.

These countermeasures may cause some disadvantages such as economic damage including dilution of the economic value of the shares, a decline in voting rights ratio, and disadvantage in exercise of voting rights to the specified shareholder group including the Large-Scale Purchaser and those who intend to join the specified shareholder group.

Further, the Company shall caution the Large-Scale Purchaser who uses a tender offer to take necessary measures such as an arrangement for withdrawal of the tender offer in case the Company takes a countermeasure, in accordance with relevant laws and regulations so that the Large-Scale Purchaser would not suffer unforeseen damages.

The overview of allotment of share options without contribution to be implemented as a specific measure by the Board of Directors shall be as described in **Appendix 3**. When the General Meeting of Shareholders of the Company carries out allotment of share options without contribution based on its resolution, the Company may issue share options after making necessary changes to the matters described in **Appendix 3**.

6. Impacts on Shareholders and Investors

(1) Impacts of Large-Scale Purchase Rules on Shareholders and Investors

The Large-Scale Purchase Rules are aimed at offering information and the time necessary for the Company's shareholders to thoroughly consider responses to the Large-Scale Purchase by providing information needed for determining whether or not to respond to the Large-Scale Purchase and the opinion of the Board of Directors, which currently is entrusted with the Company's operations, and guaranteeing the shareholders opportunities to review alternative proposals. This will enable the shareholders of the Company to make appropriate decision regarding whether or not to accept the Large-Scale Purchase given sufficient information and time, which in turn is expected to lead to protecting the Company's corporate value and the common interests of its shareholders.

The formulation of the Large-Scale Purchase Rules, therefore, is to enable shareholders and investors to avoid being forced to make a decision without being given sufficient information and time, and the Company believes that it will contribute to the Company's corporate value

and the common interests of its shareholders.

After the procedure for taking countermeasures has started, should a situation arise in which taking the countermeasures is no longer considered appropriate, the Board of Directors shall treat the recommendation of the Independent Committee with utmost respect while seeking the advice of external experts and other sources as needed. After considering them, the Board of Directors may suspend the implementation of the said countermeasures if it determines it was not appropriate to keep the countermeasures in place. Specifically, if the countermeasure is to allot share options without contribution, the allotment may be suspended and all of the allotted share options may be acquired without consideration. In this case, there will be no dilution of the value of the Company's shares and investors who traded on the shares of the Company on expectations of dilution in the value of the shares may suffer proportionate damage due to the fluctuation of the share price. Also, in cases where the Company takes the implementation of a countermeasure after it started the procedure for taking it through methods other than the allotment of share options without contribution, investors who traded on the shares of the Company on expectations of implementation of the countermeasure may suffer proportionate damage due to fluctuation of the share price.

(2) Impact on Shareholders and Investors When Countermeasures Are Implemented

The Company may implement countermeasures allowed by the Companies Act and other laws as well as its Articles of Incorporation to protect the Company's corporate value and the common interests of its shareholders following a resolution by the Board of Directors or the General Meeting of Shareholders if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules or, even in cases where it complied with the rules, if the Large-Scale Purchase is determined to be significantly detrimental to securing and enhancing the Company's corporate value and the common interests of its shareholders. However, given the mechanism of the said countermeasures, the Company does not expect the shareholders (except the said Large-Scale Purchaser) to incur substantial damage in terms of legal rights and economic benefits. If the Company decides to implement a specific countermeasure, it shall make timely and appropriate disclosure in accordance with relevant laws and the regulations of financial instruments exchanges.

Among possible countermeasures, if the Company is allotting share options without contribution, the shareholders of the Company are not required to take any actions. However, to receive the allotment of share options without contribution, they need to be listed or recorded in the final shareholders register as of the record date for allotment of share options without contribution that was decided and publicly notified by the Company. To exercise the share options, shareholders need to make payment of a prescribed amount to acquire new shares. For details of the procedure, the Company shall separately notify in accordance with laws and regulations when it actually comes to allot share options.

7. Effective Period, Continuation, and Abolishment of the New Response Policy, and its

Amendment

The Company plans to present a proposal at this Annual General Meeting of Shareholders for the shareholders' approval for the New Response Policy. If the proposal does not gain the approval of a majority of the shareholders present, the New Response Policy will not take effect.

If the proposal is approved by the shareholders, the effective period of the New Response Policy shall be through the conclusion of the first Board of Directors meeting to be held following the Company's Annual General Meeting of Shareholders to be held in June 2029. However, even before the expiration of the effective period, in the case that (1) a general meeting of shareholders of the Company approves a proposal to abolish the New Response Policy, or (2) the Board of Directors of the Company passes a resolution to abolish the New Response Policy, the New Response Policy shall be abolished at that time. Accordingly, the New Response Policy may be abolished at any time in accordance with the intent of the shareholders of the Company.

The Company may review or make changes to the New Response Policy as necessary from the perspective of securing and enhancing the Company's corporate value and the common interests of its shareholders. Further, the Board of Directors may make formal or technical revisions or amendments to the New Response Policy, if new regulations were established or existing ones were amended or abolished with respect to the laws and regulations relevant to the New Response Policy such as the Companies Act, the Financial Instruments and Exchange Act, or financial instruments exchange rules and it is appropriate to reflect the concerned changes in the New Response Policy or if it is appropriate to correct the wording due to typos, omissions, or other reasons.

In the event that a resolution is passed for the abolishment, amendment, etc. of the New Response Policy, the Company shall disclose to shareholders those matters deemed appropriate by its Board of Directors in a timely and appropriate manner in accordance with the applicable laws and regulations and financial instruments exchange rules.

IV New Response Policy's Aim of Being Consistent With the Company's Corporate Value as Well as the Common Interests of its Shareholders in Accordance With the Basic Policy on Control of the Company, and Not at Maintaining the Positions of its Officers

The New Response Policy satisfies the three principles (1. Principle of Corporate Value and Shareholders' Common Interests, 2. Principle of Shareholders' Intent, and 3. Principle of Transparency) stipulated under the Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholder Interests— announced by METI on August 31, 2023, as described below and also takes into account the contents of the Takeover Defense Measures in Light of Recent Environmental Changes report published by the Corporate Value Study Group on June 30, 2008, Principle 1.5 Anti-Takeover Measures of the revised Corporate Governance Code by the Tokyo Stock Exchange (revised on June 11, 2021), and the Guidelines for

Corporate Takeovers announced by METI on August 31, 2023. The New Response Policy is highly rational and is in accordance with the Basic Policy described in above **I Basic Policies on Control Over the Company**, does not impair the common interests of the Company's shareholders, and is not aimed at maintaining the positions of its officers.

- i. Introduced with the aim of securing and enhancing the Company's corporate value and the common interests of its shareholders

The New Response Policy is introduced with the objective of securing and enhancing the Company's corporate value and the common interests of its shareholders, and in the event of a Large-Scale Purchase, it ensures that shareholders have the necessary information and time to determine whether or not to respond to the said Large-Scale Purchase and to ensure opportunities for them to receive opinions of and alternative proposals from the Board of Directors regarding the matter.

- ii. Based on reasonable intent of shareholders

At this Annual General Meeting of Shareholders, the Company plans to submit the New Response Policy as a proposal to confirm the intent of shareholders of the Company. If the shareholders' approval is not obtained, the New Response Policy will not come into effect. For that reason, the changes and contents of the New Response Policy will be based on the reasonable intent of the shareholders.

Further, as stated in above **III 3. (3) Consultation with Independent Committee**, when the Company's Board of Directors consults with the Independent Committee on the matter, the Committee, authorized by the General Meeting of Shareholders to examine and determine whether or not the situation allows implementation of countermeasures, makes a recommendation to the Board of Directors and therefore the implementation of the countermeasures indirectly reflects the intent of the shareholders. Moreover, as described in **III 3. (4) Holding of General Meeting of Shareholders**, when the Company convenes the General Meeting of the Shareholders as a means to confirm the intent of the shareholders, the implementation of countermeasures will be based on the direct intent of the shareholders.

- iii. Emphasis on judgment of highly independent outside experts

The Company, with respect to the operation of the New Response Policy, shall establish an Independent Committee as an advisory body that makes recommendations on behalf of the shareholders to the Board of Directors based on objective and rational judgments and eliminating arbitrary decision-making by the Board of Directors upon implementing a countermeasure, etc.

The Independent Committee shall consist of three to five members, who shall be appointed by the Company's Board of Directors from among independent outside Directors, attorneys, certified public accountants, tax accountants, academic experts,

individuals with expertise in investment banking business or our business areas, and external executives who are independent of the Company's management team engaged in its business execution and do not have any conflict of interest with the Company or its management team to enable fair and neutral judgments.

iv. Establishment of rational and objective trigger requirements

As stated in above **III 3. (2) Procedures to Follow in Cases Where a Large-Scale Purchase is Deemed to Significantly Undermine the Ensuring and Enhancement of the Company's Corporate Value and the Common Interests of its Shareholders**, the New Response Policy is set so that the countermeasure is not triggered unless the pre-determined rational, detailed, and objective trigger requirements are met, and thus sufficiently ensures a mechanism that prevents arbitrary implementation of countermeasures by the Company's Board of Directors.

v. Measures to prevent arbitrary decision-making by directors

The New Response Policy ensures that the Board of Directors treats with utmost respect the recommendation of the Independent Committee, which is authorized by the shareholders to examine and determine whether or not the situation allows implementation of countermeasures when the Large-Scale Purchase Rules have been complied with, or directly confirms the intent of the shareholders. Thus, as described in **III 3. (2) Procedures to Follow in Cases Where a Large-Scale Purchase is Deemed to Significantly Undermine the Ensuring and Enhancement of the Company's Corporate Value and the Common Interests of its Shareholders**, implementation of countermeasures is based on the direct or indirect intent of the Company's shareholders, ensuring a mechanism to prevent arbitrary implementation of countermeasures by the Board of Directors.

vi. Not a dead-hand or a slow-hand anti-takeover measure

As described in above **III 7. Effective Period, Continuation, and Abolishment of the New Response Policy, and its Amendment**, the New Response Policy may be abolished at any time by the Company's general meeting of shareholders or the Board of Directors composed of directors elected at a general meeting of shareholders. Therefore, the New Response Policy is not a so-called dead-hand takeover defense (takeover defense measure that cannot prevent implementation of countermeasures even if a majority of directors are replaced).

Further, since the Company has not adopted a staggered term system, the New Response Policy is neither a slow-hand takeover defense (takeover defense measure that requires time to prevent the implementation of countermeasures as all the members of the Board of Directors cannot be replaced at once).

- Note 1: Specified shareholder group denotes (i) holders (as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act including those deemed to be holders as defined in Paragraph 3 of the article) of share certificates, etc. (as defined in Article 27-23, Paragraph 1 of the act) of the Company as well as joint holders (as defined in Article 27-23, Paragraph 5 of the act including those deemed to be joint holders as defined in Paragraph 6 of the article) or (ii) a party or a specially related party (as defined in Article 27-2, Paragraph 7 of the act) carrying out purchase, etc. (as defined in Article 27-2, Paragraph 1 of the act including those carried out on financial instruments exchanges) of the Company's share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the act).
- Note 2: The total number of voting rights, which is the denominator when calculating voting rights ratio, is the number of voting rights corresponding to the total number of issued shares of the Company at the time, excluding the treasury shares, as reported in the most recently filed annual securities report, semi-annual report, or share buyback report.
- Note 3: The Company shall determine whether a "relationship between such specific shareholder group and such another shareholder in which one substantially controls the other or they act in collaboration or cooperation" has been established based on such factors as formation of relationships including new investments, business alliances, transactional or contractual relationships, concurrent services as officers, funding relationships, credit grant relationships, status of purchase of the Company's share certificates, etc., exercise of voting rights pertaining to the Company's share certificates, etc., creation of substantial interests regarding the Company's share certificates, etc. through derivatives transactions, lending of shares, etc. and the direct and indirect impact of the specified shareholder group and other shareholders on the Company.
- Note 4: The Board of Directors of the Company shall reasonably determine whether the act described in in text (3) has occurred (in doing so, the Board of Directors shall treat the recommendation of the Independent Committee with utmost respect). The Board of Directors may request shareholders of the Company to provide necessary information to the extent necessary to determine whether or not it falls under the requirements prescribed in the text (3).

Appendix 1

Major Shareholders of the Company (as of March 31, 2026)

Name	Investment in the Company	
	Number of shares owned (thousands)	Ratio of shareholding (%)
Ishihara Chemical Client Stock Ownership Association	1,180	8.6
Custody Bank of Japan, Ltd. (trust account)	1,071	7.8
The Master Trust Bank of Japan, Ltd. (trust account)	792	5.7
Nippon Life Insurance Company	758	5.5
NOMURA CUSTODY NOMINEES LIMITED OMNIBUS-FULLY PAID (CASHPB)	712	5.2
Sumitomo Mitsui Banking Corporation	673	4.9
Osaka Small and Medium Business Investment & Consultation Co., Ltd.	419	3.0
Hidetoshi Yamashita	326	2.3
The Senshu Ikeda Bank, Ltd.	320	2.3
Mizuho Bank, Ltd.	296	2.1
Total	6,550	47.9

Note: The ratio of shareholding is calculated excluding treasury shares.

Name and Career History of Independent Committee Members

Nozomu Ohara

Born January 1942

April 1969	Registered as an Attorney
November 1979	Managing Senior Lawyer, Ohara Law Office (currently Ohara & Furukawa; current position)
April 1994	Director, Kinki Federation of Bar Associations
December 1997	Chairman, Foreign Lawyers and International Legal Practice Committee, Japan Federation of Bar Associations
December 2005	Managing Director, Japan Association of Arbitrators
January 2007	PPID Counsel, International Bar Association
December 2016	Vice President, Japan Association of Arbitrators
February 2018	Director, Japan International Dispute Resolution Center
At present	Attorney

Yutaka Kato

Born August 1953

April 1986	Assistant professor, School of Economics, Osaka Prefecture University (currently Osaka Metropolitan University)
April 1988	Assistant Professor, School of Business Administration, Kobe University
April 1994	Professor, School of Business Administration, Kobe University
April 1999	Professor, Graduate School of Business Administration, Kobe University
June 2010	Director (Independent Officer), Bando Chemical Industries, Ltd.
April 2012	Professor, Graduate School of Business Studies, Doshisha University
June 2013	Director (Independent Officer), Ono Pharmaceutical Co., Ltd.
April 2022	Professor on a Special Assignment, Nagoya University of Commerce and Business (NUCB) Business School
April 2024	Professor (full time), NUCB Business School (current position)

Tsutomu Shibaïke

Born June 1953

November 1976 Joined Sanwa & Co. Tokyo Marunouchi Office (currently Deloitte Touche Tohmatsu LLC)

March 1980 Registered as a Certified Public Accountant

June 1996 Representative Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)

April 2011 Comprehensive External Auditor of Nishinomiya City

October 2015 Established Shibaïke Certified Public Accountant Office (current position)

June 2016 Outside Director of Inaba Denki Sangyo Co., Ltd.

June 2017 Audit and Supervisory Committee Member of the Company

January 2019 Audit & Supervisory Board Member of Shikoh Tech Co., Ltd. (current position)

June 2020 Outside Director (Audit and Supervisory Committee Member) of Inaba Denki Sangyo Co., Ltd.

July 2020 Director of Shinrai Capital Foundation (current position)

February 2022 Director of G-7 Scholarship Foundation (current position)

December 2022 Auditor of Koshiengakuin (current position)

June 2023 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Overview of Share Options

1. Method of Allotment of Share Options (Allotment of Share Options Without Contribution)

The Company will allot share options without contribution to the shareholders who were listed or recorded on the final shareholder register as of the record date for allocation stipulated by its Board of Directors based on a resolution regarding allotment of share options without contribution (hereinafter the “Resolution Regarding Allotment of Share Options Without Contribution”) pursuant to Articles 278 and 279 of Companies Act to each share of the shares it holds (excluding the number of treasury shares the Company holds at that time) at a ratio to be separately stipulated by the Company in the Resolution Regarding Allotment of Share Options Without Contribution.

2. Total Number of Share Options to Be Issued

The total number of share options to be issued shall be the number separately stipulated by the Board of Directors in the Resolution Regarding Allotment of Share Options Without Contribution. The Board of Directors may allot share options over multiple times.

3. Effective Date of Allotment of Share Options Without Contribution

The effective date of allotment of share options without contribution shall be the date separately stipulated by the Board of Directors in the Resolution Regarding Allotment of Share Options Without Contribution.

4. Type of Shares to Be Issued Upon Exercise of Share Options

The type of shares to be issued upon exercise of share options shall be shares in common stock of the Company.

5. Total Number of Shares to Be Issued Upon Exercise of Share Options

(1) The number of shares to be granted per share option (hereinafter “Number of Shares Granted”) shall be the number of shares the Board of Directors separately stipulates in the Resolution Regarding Allotment of Share Options Without Contribution.

(2) The total number of shares to be issued upon exercise of share options shall be no more than the total number of authorized shares stipulated by the Articles of Incorporation of the Company subtracted by the total number of issued shares at the time of the Resolution Regarding Allotment of Share Options Without Contribution (excluding the number of treasury shares the Company holds as of the same).

6. The Amount of Payment to Be Made Upon Exercise of Share Options

The assets to be contributed upon exercise of each share option shall be money, and the amount of payment shall be 1 yen or more and separately stipulated by the Board of Directors in the Resolution Regarding Allotment of Share Options Without Contribution.

7. Period for Exercise of Share Options

The period for exercise of share options shall be the period separately stipulated by the Board of Directors in the Resolution Regarding Allotment of Share Options Without Contribution.

8. Restrictions on the Transfer of Share Options

Acquisition by transfer of share options shall require approval by the Board of Directors.

9. Criteria for the Exercise of Share Options

Those who belong to a specified shareholder group (limited to those having a voting rights ratio of 20% or more; the same shall apply for the rest of the document) and those who intend to join a specified shareholder group (however, excluding those acquiring or holding shares of the Company who its Board of Directors has determined as not detrimental to the common interests of the shareholders; hereinafter collectively the “Specified Shareholders”). The Board of Directors shall separately stipulate the details in the Resolution Regarding Allotment of Share Options Without Contribution.

10. Acquisition Clause

(1) The Company may attach an acquisition clause in accordance with the Resolution Regarding Allotment of Share Options Without Contribution, subject to the occurrence of either the Large-Scale Purchaser’s violation of the Large-Scale Purchase rules or certain other events, or the arrival of a day separately determined by the Board of Directors, to the effect that the Company may acquire all of share options or only share options held by shareholders other than the Specified Shareholders (hereinafter the “General Shareholders”). The Board of Directors shall separately stipulate the details in the Resolution Regarding Allotment of Share Options Without Contribution.

(2) In the acquisition of share options described in the previous paragraph, the General Shareholders will, as a rule, receive the number of shares in the Company’s common stock that is the same as the Number of Shares Granted for every share option they hold as consideration.

11. Acquisition Without Compensation

If the Board of Directors determines that it is not appropriate to keep the countermeasures in

place, the Company may acquire all of the share options without compensation if the Board of Directors separately stipulates it in the Resolution Regarding Allotment of Share Options Without Contribution.