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September 3, 2025

To whom it may concern:

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**Notice Concerning Introduction of Response Policy to Large-scale Purchase etc. of Company Share Certificates etc. in Preparation for Large-scale Purchase etc. of Company Share Certificates etc. by Dalton Parties.**

**TODAY, September 3, 2025** - Bunka Shutter Co., Ltd. (the “Company”) hereby gives notice that – given that ever since Dalton Parties (Note 1) publicly announced in the October 31, 2023 Large-volume Holding Report that as of October 24, they held Company share certificates etc. accounting for 5.03% of the holding ratio of share certificates etc. (percentage of voting rights (Note 2) of approximately 5.09%), they have intermittently been buying up Company share certificates etc. rapidly and in large quantity (hereinafter the intermittent, rapid and massive buying up by Dalton Parties of Company share certificates etc. on and off the market is referred to as “Share Buying Up”), and according to the June 17, 2025 Change Report No. 14, as of June 10, they held Company share certificates etc. accounting for 19.69% of the holding ratio of share certificates etc. (percentage of voting rights of approximately 19.93%), and that at the meeting with Dalton Parties held on August 27 (“August 27 Meeting”), Dalton Parties requested that Dalton Parties be given the opportunity to further buy up Company share certificates etc., among other things—from the perspective of securing the Company’s corporate value and common interests of shareholders, the board of directors, at a meeting held today, reviewed part of the basic policies for a person having control over decisions on the Company’s financial and business policies (meaning the “basic policies” set forth in the main paragraph of Article 118, Item (iii) of the Regulations for Enforcement of the Companies Act; “Basic Policies for Control of the Company”), and also passed a resolution that as 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 Policies for Control of the Company ((b)(2) of said Item), the Company will introduce response measures (“Response Policies”) for (i) the Share Buying Up of Company share certificates etc. by Dalton Parties, and (ii) other Large-scale Purchase etc. (defined in **III-2(2)** below; hereinafter the same) which may be contemplated under the circumstances where the Large-scale Purchase etc. of Company share certificates etc. by Dalton Parties continues.

The Response Policies are to be introduced focusing on the response to the Large-scale Purchase etc. including the Share Buying Up which has already materialized, and differ from the Response Policies for Large-scale Purchase of Company Shares (anti-takeover measures) that the Company terminated on May 12, 2022 (for details of the termination, please see the Company’s May 12, 2022 press release titled “Termination of Response Policies for Large-scale Purchase of Company Shares (Anti-takeover Measures)” (“Termination Press Release”)), which were so-called proactive anti-takeover measures which are introduced during normal phases. It should be noted that the introduction of the Response Policies was resolved by agreement of all of the Company’s directors including eight independent outside directors.

(Note 1) “Dalton Parties” means collectively Dalton Investments, Inc. (“Dalton”), Nippon Active Value Fund PLC (“NAVF”), NAVF Select LLC (“NAVF Select”), Dalton Investments LLC (“Dalton LLC”), Dalton Advisory KK (“Dalton Advisory”), Rosenwald Capital Management, Inc., Rising

Sun Management Ltd. (“RSM”), Hikari Acquisition, Michael 1925, and JMBO Fund Limited (“JMBO”).

- (Note 2) “Percentage of voting rights” means a proportion of the number of voting rights relating to the number of share certificates etc. held set out in the relevant Large-volume Holding Report and Change Report to the total number of the Company’s voting rights recorded in the securities report, the semiannual report, the quarterly report and the report on the issuer’s own share repurchase submitted immediately after the date of occurrence of reporting duty set out in the relevant Large-volume Holding Report and Change Report.

The state of Share Buying Up by Dalton Parties is as follows.

As described above, following NAVF’s submission of the Large-volume Holding Report regarding the Company share certificates etc., which identified NAVF Select and Dalton LLC as joint holders, on October 31, 2023, Dalton Parties continuously bought up Company share certificates etc. before announcing in the Change Report No. 14 dated June 17, 2025 that its holding ratio of share certificates etc. was 19.69% (percentage of voting rights of approximately 19.93%) as of June 10, 2025.

In particular, as set out in the Large-volume Holding Report dated October 31, 2023, starting October 1, 2023, with the exception of just two business days, Dalton Parties bought up Company share certificates etc. both on and off the market on each business day up to the point where, as of October 24, 2023, they held Company share certificates etc. equivalent to a 5.03% holding ratio of share certificates etc. (percentage of voting rights of approximately 5.09%). Further, as set out in the Change Report No. 7 dated June 20, 2024, Dalton Parties bought up rapidly and in large volumes, off the market, Company share certificates etc. representing approximately 2.16% of all Company share certificates on a holding ratio basis (percentage of voting rights of approximately 2.19%) on June 4, 2024, and Company share certificates etc. representing approximately 2.51% of all Company share certificates on a holding ratio basis (percentage of voting rights of approximately 2.55%) on June 13, 2024. This meant that in that one month alone, Dalton Parties rapidly bought up Company share certificates etc. representing approximately 4.68% of all Company share certificates on a holding ratio basis (percentage of voting rights of approximately 4.74%) off the market. More recently, although the Change Report No. 13 dated May 8, 2025 showed that their holding ratio of share certificates etc. reached 18.66% (percentage of voting rights of approximately 18.90%) as of April 28, 2025, Dalton Parties subsequently continued to acquire and increase their holding ratio of shares, up to the point where their holding ratio of share certificates etc. reached 19.69% (percentage of voting rights of approximately 19.93%) as of June 10, 2025, buying up Company share certificates etc. both on and off the market every business day with the exception of just four business days.

Further, while intermittently receiving from Dalton Parties, since the June 2022 general meeting of shareholders of the Company, shareholder proposals concerning the introduction of restricted stock compensation, the acquisition of own shares, and the amendment of the Articles of Incorporation regarding the number of outside directors, the Company continued to engage in constructive dialogue with Dalton Parties. However, RSM, an investment company managed by Dalton Chief Investment Officer James B. Rosenwald III (“Mr. Rosenwald”), is an advisor of NAVF Select and is majority-owned by Rosenwald Capital Management, Inc., and made a proposal (“Proposal”) to the Company in a letter dated January 29, 2025 (“January 29, 2025 Letter”) to delist the Company by a management buyout (“MBO”) with RSM and its investor group as partners, requesting a response to the MBO partner selection results within four weeks after receipt of the January 29, 2025 Letter.

Subsequently, Dalton Parties, including Mr. Rosenwald, met with the Company on February 17, 2025, where they inquired as to the status of the Company’s consideration of the Proposal, and stated that they would ask that the Company continue to consider the Proposal in detail, through such steps as an introduction by Dalton Parties to the private equity fund that would become an MBO partner. Additionally, another meeting was held on May 20, 2025, and Dalton Parties, including Mr. Rosenwald, once again inquired as to the status of the Company’s consideration of the Proposal, and also proposed inviting related parties of Dalton Parties, including Mr. Rosenwald, to serve as the Company’s outside directors based on its holding ratio of share certificates etc. During this time, Dalton Parties continued to acquire and increase its holding ratio of the Company share certificates etc. without reducing its pace; in particular, they bought up Company share certificates etc. on and off the market on each business day from the beginning of 2025 to the business day before the February 17, 2025 meeting.

As described above, Dalton Parties made the Proposal regarding the MBO and the proposal regarding the appointment of Company outside directors, while also buying up Company share certificates etc. on and off the market. In light of this, on August 22, 2025, the Company sent a letter to Dalton stating that if the influence of a specific shareholder or a specific group of shareholders seeking prompt implementation of an MBO that includes

itself as an investment party is excessive, there is a possibility that there will be conflicts of interest between the relevant shareholder or the specific group of shareholders and the general shareholders, and thus requesting that Dalton Parties refrain from buying up Company shares that will result in Dalton Parties holding 21% or more of shares on a voting rights basis; and at the August 27 Meeting, the Company again asked Dalton Parties to refrain from buying up Company shares that would result in Dalton Parties holding 21% or more of shares on a voting rights basis. In response, at that meeting, Dalton Parties on the one hand stated that they would not buy up Company shares in an amount exceeding 24% or 25%; on the other hand, Dalton Parties stated that as long as the Company is a listed company, even if they possessed 30%, nothing could be done about it and that because they already held Company share certificates etc. in an amount equivalent to approximately 21.1% on a voting rights basis, they were unable to comply with the Company's request; Dalton Parties also requested that the Company ensure that Dalton Parties are able to continue buying up Company shares going forward. Furthermore, even while making this request, Dalton Parties did not specifically reveal the purpose or the nature of the Share Buying Up during the August 27 Meeting. In addition, at the August 27 Meeting, Dalton Parties stated that in light of their holding ratio of share certificates etc., it would be standard for the Company to accept at the very least one outside director from Dalton Parties-related individuals, and they continued to strongly request that the Company accept such an outside director. Regarding the contents of the August 27 Meeting, based on the determination that it is appropriate in light of the "Principle of Transparency" in the "Guidelines for Corporate Takeovers: Enhancing Corporate Value and Securing Shareholders' Interests" announced by the Ministry of Economy, Trade and Industry on August 31, 2023, that the Company provides sufficient information necessary and useful for the decision of the Company's shareholders by disclosing information in a timely and appropriate manner about the circumstances and reasons for the introduction of Response Policies, the Company makes disclosures of the contents of the August 27 Meeting to the extent necessary for the judgment of shareholders, including the circumstances in which Dalton Parties requested that the Company accept outside directors of the Company from Dalton Parties-related individuals based on Dalton Parties' holding ratio of share certificates etc..

In such a way, given (i) that according to public information, Dalton Parties' holding ratio of share certificates etc. relating to the Company share certificates etc. has reached 19.69% (percentage of voting rights of approximately 19.93%), and Dalton Parties have stated that according to their information they already possess approximately 21.1% of Company share certificates etc. on a voting rights ratio basis, (ii) that in addition to the Company share certificates etc. that they already possess, Dalton Parties strongly desire to buy up additional shares on and off the market, (iii) that there was insufficient information concerning the purpose and details etc. of the Share Buying Up by Dalton Parties, (iv) that there is a specific possibility that Dalton Parties have intermittently been buying up Company share certificates etc. rapidly and in large quantity with the aim of applying pressure in order to realize their proposal, which includes an MBO and dispatching outside directors to the Company, and (v) that, considering the events and results of Dalton Parties' past investment activities such as those set forth in **Exhibit A**, the Company is concerned that the purpose and results of the Share Buying Up may lead to potential conflicts of interest between Dalton Parties and the general shareholders, and is aware that it cannot be denied that the purpose and results of the Share Buying Up were likely to hinder the maximization of the Company's corporate value and the common interests of the shareholders. In particular, in light of the facts that Dalton Parties have made a shareholder proposal with standardized content to a number of companies, and that even though a majority of the Company's directors constitute a diverse range of independent outside directors having the knowledge, experience and ability necessary in light of the Company's managerial strategy, and the Company implements the management that fully takes into account the perspectives of shareholders, Dalton Parties insist on dispatching outside directors solely because of their holding ratio of share certificates etc., it is difficult to believe that Dalton Parties are conducting their investment or engagement activities with the aim of realizing the optimal method to enhance the corporate value and shareholder value unique to each company, based on sufficient consideration of the unique circumstances of each company. It raises the concern that the purpose and results of the Share Buying Up may hinder the maximization of the Company's corporate value and the common interests of the shareholders.

With such awareness, the board of directors concluded that in light of the state of the Share Buying Up, the content of the Proposal and the behavior of Dalton Parties up to now, including at the August 27 Meeting, it can be reasonably determined that Dalton Parties are highly likely to carry out a purchase etc. of Company share

certificates etc. to increase their voting rights ratio to 21%<sup>1</sup> or greater (i.e., Large-scale Purchase etc.), and further, in a situation where Dalton Parties continue their Large-scale Purchase etc. of the Company share certificates etc., envisioned a case where a third party would contemplate a Large-scale Purchase etc., and to secure information and time to allow shareholders to make proper determinations as to how such a Large-scale Purchase etc. will impact the Company's corporate value and the sources of such value, and so that the board of directors could negotiate and discuss matters such as the Large-scale Purchase etc. and the Company's management policies with the Large-scale Purchaser (defined in **III-2(2)** below; hereinafter the same), that certain procedures specified by the board of directors with respect to such Large-scale Purchase etc. will contribute to the maximization of the Company's corporate value and the common interests of shareholders.

As a result, as set forth at the beginning, today, the board of directors reviewed part of the Basic Policies for Control of the Company and also passed a resolution to introduce the Response Policies. The Company terminated the Response Policies for Large-scale Purchase of Company Shares (the so-called proactive anti-takeover measures) on May 12, 2022. As indicated in the Termination Press Release, even at that time, the Company did not find that the risk of a large-scale purchase that could harm the Company's corporate value and the common interests of shareholders had decreased, and the Company believed that it was necessary for its board of directors to continue to implement sufficient precautions against such risk. The Company had also announced that in the event of a large-scale purchase of Company shares, it would request that the party intending to make such a purchase provide necessary and sufficient information for its shareholders to properly determine whether to support the purchase, disclose the opinion of its board of directors while respecting the views of independent outside directors, strive to secure adequate time for its shareholders to consider the purchase and otherwise promptly take timely and appropriate measures within the scope allowed by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations, thereby endeavoring to secure and enhance the Company's corporate value and the common interests of its shareholders. Accordingly, the Company believes that the introduction of the Response Policies, which differ from the so-called proactive anti-takeover measures, does not contradict the Company's termination of the Response Policies for Large-scale Purchase of Company Shares (anti-takeover measures) but rather is in line with its policy at the time of the Termination Press Release.

Note that along with the above resolution, for purposes of preventing arbitrary decisions by the board of directors and further enhancing the fairness and objectivity of the operation of the Response Policies, the board of directors established the Independent Committee and appointed five independent outside directors of the Company namely, Reiko Kusunose, Kayo Murakami, Shozo Fujita, Kazufumi Abe and Kazue Shimamura, as members of the Independent Committee, . With respect to the establishment of the Independent Committee and the appointment of members of the Independent Committee, please see the "Notice Concerning Establishment of Independent Committee and Appointment of Independent Committee Members" dated today.

Note that if there are any amendments to the Companies Act, the Financial Instruments and Exchange Act, other laws, or any rules, cabinet orders, cabinet office orders, ministerial orders or the like related to such laws, or any rules etc. of financial instruments exchanges on which the Company shares etc. are listed (collectively, "Laws and Regulations etc.") (including changes to the names of Laws and Regulations etc. and the enactment of new Laws and Regulations etc. that succeed to former Laws and Regulations etc.; hereinafter the same), and such amendments are enforced, the provisions of Laws and Regulations etc. referred to in the Response Policies will, unless otherwise specified by the board of directors, be amended to be read according to the provisions of such amended Laws and Regulations etc. that substantially succeed to such Laws and Regulations etc.

## **I. Basic Policies for a Person Having Control Over Decisions on the Company's Financial and Business Policies**

The Company believes that the transfer of the management control is one effective means for corporate activities and vitalization of the economy, and if a Large-scale Purchase etc. of Company shares commences,

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<sup>1</sup> Dalton Parties claim that they already possess approximately 21.1% of the Company's voting rights, but the Company has been unable to confirm this from objective materials. Thus, in order that the interests of Dalton Parties as shareholders are not unduly affected, the Company does not envisage invoking countermeasures under the Response Policies solely on the grounds that the voting rights ratio represented by Company share certificates etc. that Dalton Parties acquired prior to the introduction of the Response Policies exceeds 21% (see **III-2(2)** below).

in principle, the shareholders should decide whether or not to accept such purchase.

However, there is expected to be a Large-scale Purchase etc. of Company shares or a proposal relating thereto which may damage the Company's corporate value and common interests of shareholders, or may virtually force the shareholders to sell their Company shares.

Accordingly, from the perspective of securing and enhancing the Company's corporate value and common interests of shareholders, the Company will promptly take appropriate measures from time to time to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act and any other related laws and regulations, such as securing the information and time necessary for the shareholders to give consideration etc. by seeking from the person who intends to carry out a Large-scale Purchase etc. of Company shares the information necessary and sufficient for the shareholders to appropriately approve or disapprove such action, and disclosing the opinion etc. of the board of directors with respect for the opinions of independent outside officers.

The Company's basic approach to a person having control over decisions on the Company's financial and business policies is as explained above, and the board of directors believes that when a Large-scale Purchaser intends to carry out a Large-scale Purchase etc., the ultimate conditions therefor should be the prior provision of sufficient time and information necessary for the Company's shareholders to consider the purpose, details etc. of the Large-scale Purchase etc. and approve or disapprove such purchase, and the consent of the shareholders to the Large-scale Purchase etc. From that viewpoint, as far as a Large-scale Purchaser complies with the procedures set forth under the Response Policies, prior to the board of directors implementing countermeasures pursuant to the Response Policies, the general meeting of shareholders (the "Shareholders' Intent Confirmation Meeting") will be held as a venue where the Company's shareholders can give consideration and make a decision. If the shareholders express their approval of the Large-scale Purchase etc. at the Shareholders' Intent Confirmation Meeting (approval or disapproval of the Large-scale Purchase etc. is to be expressed by a majority of the voting rights of the shareholders attending the Shareholders' Intent Confirmation Meeting who can exercise their voting rights adopting or rejecting the agenda item asking for approval of the Company taking certain countermeasures if the Large-scale Purchase etc. commences), the board of directors will not take any action which will substantially block the Large-scale Purchase etc. as far as such purchase is carried out in accordance with the conditions, particulars etc. disclosed at the Shareholders' Intent Confirmation Meeting.

Therefore, countermeasures (specifically, allotment of share options without contribution) pursuant to the Response Policies will be implemented with full respect for advice of the Independent Committee only (a) if such action was approved at the Shareholders' Intent Confirmation Meeting, and the Large-scale Purchaser does not cancel the Large-scale Purchase etc., or (b) if the Large-scale Purchaser does not comply with the procedures set forth in **III-2(3)** below, and intends to carry out a Large-scale Purchase etc.

## **II. Special Measures to Help Achieve the Basic Policies**

### **1. Initiatives Directed at Securing and Enhancing the Corporate Value of the Company and the Common Interests of Shareholders**

#### **(1) The Fundamental Policies of Company Management**

Since its establishment in 1955, under the following Corporate Creed and Management Philosophy, The Company group has been manufacturing, selling, and installing building materials for houses and buildings such as shutters and doors, thereby providing "Safety," "Security," and a "Comfortable environment." The Company group's mission is to contribute to the development of society through "diverse manufacturing" and "services" that are friendly to people, society, and the environment, providing "Safety," "Security," and a "Comfortable environment" to realize happiness of people. By providing products and services in which the mission is embodied, The Company group is striving for sustainable and long-term enhancement of corporate value and common interest of shareholders.

##### **i) Corporate Creed**

Sincerity: Sincerity is a connection between hearts. A connection of true-heartedness creates trust.

Hard work: Hard work is a dedication to continue creating.

Service: Service is being of use to customers and society through proactive action. A sympathetic heart standing in the place of other party and spirit of taking good care.

ii) Management Philosophy

We always act by always putting ourselves in the position of our customers.

We contribute to the development of society with excellent quality.

We place importance on positiveness and harmony and move forward day by day.

We believe that the sources of corporate value for the Company consist primarily of the brand as “Bunka: company with advanced technologies,” which has been established by gradually announcing industry-leading products and services through creative ideas and development capabilities since its establishment, tangible and intangible management resources including human resources, and relations with stakeholders such as shareholders, customers, business partners, employees, and concerned citizens in communities. The Company strives to enhance its corporate value of the Company and realize the common interests of shareholders so that shareholders and investors will invest in the Company in a long-term and sustainable manner. The Company is taking the following measures as special efforts to contribute to the realization of the basic policy referred to in I. above.

(2) Implementation of the Medium-Term Management Plan

The Company group launched a new three-year Medium-term Management Plan from fiscal year 2024 to fiscal year 2026, with the basic theme of “Aiming to Create Permanent Corporate Value,” and will prioritize visualization of issues and work to create a permanent profit creation system and develop human resources for next generation. For the fiscal year 2024, the first year of the plan, we have set a theme of “thorough visualization of business processes.” Based on this theme, we continuously implemented basic activities in the sales process with the aim of strengthening sales capabilities and improving customer satisfaction. We also worked on measures such as: further strengthening sales of disaster prevention, mitigation, and environmental products; building a production system infrastructure and reducing manufacturing costs in response to changes in the social environment; improving skills in design, installation, and construction; and investing in human capital to maximize BX Group value. For fiscal year 2025, the Company has enhanced its shareholder return policy with the goals of further enhancement of corporate value and improvement of capital efficiency, and will continue to work on enhancing its shareholder return policy. Further, with “building efficient business processes” as the fundamental theme of the Company, it will address the issues hindering productivity and growth that were identified in our efforts last fiscal year through the theme of “thorough visualization of business processes” and rebuild a profit-generating structure based on new mindset, new ideas and new perspectives. We will make visible business processes and their corresponding numbers to examine the framework for verifying whether invested resources are effectively used for efficient business operation, and carry out reform with the aim of generating optimal results in fiscal year 2026, the Plan’s final year.

**2. Initiatives Relating to Corporate Governance**

(1) Corporate Governance (Advancing Corporate Governance)

The Company group believes that swift and appropriate business decisions are essential to enhance competitiveness amid the harsh business climate. The Company also considers it essential in the interests of management transparency to ensure that its oversight functions are rigorous and fair. Accordingly, the Company undertakes to improve its systems and disclosure of information in a precise and detailed manner to ensure thoroughgoing corporate governance. In terms of our management structure, we shifted to a company with an audit and supervisory committee in June 2017. The Company will ensure further compliance and transparency by developing a system that allows the Audit and Supervisory Committee, which consists of five (5) members who are Directors who concurrently serve as Audit and Supervisory Committee Members with voting rights in the Board of Directors, to audit and supervise the execution of duties of Directors. In addition, at the board of directors meeting held on August 31, 2021, the Company resolved to establish an arbitrary Nominating and Compensation Committee as an advisory body to the

board of directors, and established the discretionary Nominating and Compensation Committee on the same date with the aim of strengthening the independence and objectivity as well as accountability of the function of board of directors to make determinations about appointments, dismissal and remuneration etc., of directors. It also resolved to make an independent and outside director the chairperson of the committee for the purpose of further enhancing the committee's functions.

With regard to the internal control system, in line with the Basic Policy on the Internal Control System, the Company is making efforts to ensure that all executives and employees throughout The Company group are able to carry out all their duties efficiently and fairly, in compliance with laws and regulations, and in a manner that safeguards assets. Further, The Company group believes that fulfilling corporate social responsibilities is essential for the sustainable improvement of corporate value. In accordance with The Company group's CSR Charter and CSR Activity Policy, it places emphasis on business activities based on ESG (Environmental, Society, Governance), an important theme for corporate development. The Company group seeks customer satisfaction by all employees, ensure honest corporate management by deployment of a corporate compliance system across The Company group, promote decarbonization and reduce environmental impact, such as responding to climate change risks. The Company group will strive to innovate the way we work to ensure that all our employees are engaged in their work with great value, and also strengthen our efforts to promote sustainable development goals (SDGs), the common global goals. The Company group will strengthen our Group's efforts to enhance corporate value and develop a sustainable society.

## (2) Other

For details of the Company's corporate governance structure, please refer to the Company's corporate governance report.

### **III. Efforts to Prevent A Person Who is Inappropriate in Light of the Basic Policies from Controlling Decisions on the Company's Financial and Business Policies**

#### **1. Purpose of the Response Policies**

The Response Policies are to be introduced in accordance with I. "Basic Policies for a Person Having Control Over Decisions on the Company's Financial and Business Policies" above for the purpose of maximizing the Company's medium-to-long-term corporate value and common interests of shareholders.

The board of directors believes that the shareholders should make the ultimate decision on whether to accept a Large-scale Purchase etc. from the perspective of maximizing the Company's medium-to-long-term corporate value and common interests of shareholders. In order for the shareholders to make an appropriate decision on whether to accept a Large-scale Purchase etc., it is necessary to ensure an opportunity, prior to the commencement of the Large-scale Purchase etc., in the form of the Shareholders' Intent Confirmation Meeting to confirm the shareholders' general intent, and in order to substantially confirm such intent based on deliberations, it is necessary to demand sufficient information from the Large-scale Purchaser and ensure time for the shareholders to give consideration in advance.

With the understanding above, in a case where a Large-scale Purchase etc. is proposed, in order for the shareholders to determine whether the Large-scale Purchase etc. will block the maximization of the Company's medium-to-long-term corporate value and common interests of shareholder on the basis of sufficient information provided in advance, as a framework in which the Company seeks the required information from the Large-scale Purchaser and ensures the time necessary for the shareholders to consider the pros and cons of the Large-scale Purchase etc. on the basis of such information, the board of directors will decide on the Response Policies as procedures for responding to a Large-scale Purchase etc. as follows. The purpose of such procedures is to provide information and time necessary and sufficient for the shareholders to determine whether or not to accept a Large-scale Purchase etc., and the Company believes that such procedures will contribute to maximizing the Company's medium-to-long-term corporate value and common interests of shareholders.

Therefore, the board of directors will require a Large-scale Purchaser to comply with the Response Policies, and if the Large-scale Purchaser does not comply with the Response Policies, from the perspective of maximizing the Company's medium-to-long-term corporate value and common interests of shareholders,

will take certain countermeasures with full respect for the opinion of the Independent Committee.

It should be noted that because it is reasonably determined that Dalton Parties are highly likely to carry out a purchase etc. of Company share certificates etc. to increase their voting rights ratio to 21% or greater (i.e., a Large-scale Purchase etc.) through Share Buying Up, the board of directors has decided to introduce the Response Policies with the determination that it is necessary to establish certain procedures for the Large-scale Purchase etc. of Company share certificates etc. by Dalton Parties from the perspective of maximizing the Company's medium-to-long-term corporate value and common interests of shareholders. In this mechanism, whether the Company will take certain countermeasures against a Large-scale Purchase etc. will ultimately be decided by the shareholders' intent at the Shareholders' Intent Confirmation Meeting as far as the Large-scale Purchaser complies with the procedures set forth under the Response Policies. Therefore, on the assumption that the time and information necessary and sufficient to evaluate and consider the details of a Large-scale Purchase etc. are ensured, if the board of directors performs its responsibility to provide explanations to shareholders, and a majority of the voting rights of the shareholders in attendance at the Shareholders' Intent Confirmation Meeting who can exercise their voting rights approves implementing the countermeasures, the Company understands that the countermeasures rely on the shareholders' reasonable intent, and determines that the reasonableness of the countermeasures is not an issue (for details of the Mechanisms to Raise the Reasonableness of the Response Policies, please see **5** below).

## **2. Particulars of the Response Policies**

### **(1) Overview**

#### **i. Procedures Relating to Response Policies**

As explained above, the Company believes that the shareholders should ultimately decide whether or not to accept a Large-scale Purchase etc. Therefore, if the shareholders approve at a Shareholders' Intent Confirmation Meeting, and the Large-scale Purchase etc. has not been cancelled, for the purpose of maximizing the Company's medium-to-long-term corporate value and common interests of shareholders, the Company will take certain countermeasures with full respect for the opinion of the Independent Committee.

In accordance with the Response Policies, in preparation for the shareholders to make a decision, the Company will demand required information from the Large-scale Purchaser, secure time for the shareholders to consider on the basis of such information whether or not to approve such Large-scale Purchase etc., and then, confirm the shareholders' intent at the Shareholders' Intent Confirmation Meeting prior to acceptance of such Large-scale Purchase etc. Therefore, if this purpose is not achieved, in other words, if the Large-scale Purchaser does not comply with the procedures set forth in (3) below, and intends to carry out the Large-scale Purchase etc., the board of directors will also take certain countermeasures with full respect for the opinion of the Independent Committee.

#### **ii. Establishment of Independent Committee**

The Company has established the Independent Committee in accordance with the Independent Committee Regulations (for an overview, see **Exhibit 1**) in order to properly implement the Response Policies, prevent the board of directors from making arbitrary decisions, and ensure the objectivity and reasonableness of decisions of the board of directors. The Independent Committee will provide the board of directors with advice on whether or not to take countermeasures, and any other matters necessary for a response in accordance with the Response Policies. The board of directors will decide whether or not to take countermeasures with full respect for such advice of the Independent Committee.

It should be noted that the Independent Committee may obtain advice from external experts (financial advisors, attorneys, certified public accountants, tax accountants etc.) independent of the board of directors and the Independent Committee as needed. The Company will bear all expenses required to obtain such advice to the extent reasonable.

In principle, the Independent Committee passes a resolution by a majority of the members in attendance at a meeting attended by all of the incumbent committee members; provided, however, that if a committee member is unable to attend, or for other special reason, the resolution will be passed by a majority of the members in attendance at a meeting attended by a majority of the committee members.



iii. Allotment of Share Options without Contribution as Countermeasure

If countermeasures are taken as explained in i above, the Company will allot to all of its shareholder share options (“Share Options”), with discriminatory exercise conditions etc. that an Unqualified Person (defined in 3(1)v(a) below; hereinafter the same) is not allowed to exercise an option, and acquisition clauses etc. where share options held by the shareholders other than Unqualified Persons shall be acquired as consideration for common shares of the Company, while share options held by Unqualified Persons shall be acquired as consideration for another share options to which certain exercise conditions and acquisition clauses are attached, using the method for share option allotment without contribution (Article 277 et. seq. of the Companies Act) (for details, see 3 below).

iv. Acquisition of Share Options by the Company

If in accordance with the Response Policies, Share Options are allotted without contribution, and if in exchange for the acquisition of Share Options by the Company, Company shares are delivered to the shareholders other than Unqualified Persons, the proportion of Company shares owned by Unqualified Persons will be diluted to a certain degree.

(2) Subject Large-scale Purchase etc.

Under the Response Policies, a Large-scale Purchase etc. means an action reasonably determined to fall under any of the following (excluding those preapproved by the board of directors):

- i. a purchase of Company share certificates etc. (Note 3) for the purpose of increasing the voting rights ratio (Note 2) of a specified shareholder group (Note 1) to 21% or greater (including without limitation the commencement of a tender offer; hereinafter the same);
- ii. a purchase of Company share certificates etc. resulting in increasing the voting rights ratio of a specified shareholder group to 21% or greater; or
- iii. regardless of whether an action set forth in i or ii above is implemented, an action carried out by a specified shareholder group of the Company with another shareholder (including cases of multiple shareholders; hereinafter the same in this iii) of the Company and agreement and any other action as a result of which such another shareholder(s) falls under joint holder of such specified shareholder group, or any action with which a relationship is established between such specified shareholder group and such another shareholder(s) in which one of them substantially controls the other, or in which they engage in joint and concerted action (Note 4) (Note 5) (limited to a case where regarding share certificates etc. issued by the Company, the voting rights ratio of such specified shareholder group and such another shareholder(s) add up to 21% or greater),

and a “Large-scale Purchaser” means a person who carries out or intends to carry out such Large-scale Purchase etc. alone or engage in joint and concerted action with another person(s) as explained above.

(Note 1) A specified shareholder group means (i) a holder (meaning the holder set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including persons falling under the holder pursuant to Paragraph 3 of said article) and its joint holder (meaning the joint holder set forth in Article 27-23, Paragraph 5 of said act, including a person deemed to be a joint holder pursuant to Paragraph 6 of said article; hereinafter the same) of Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-23, Paragraph 1 of said act), (ii) a person who purchases etc. (meaning the purchase etc. set forth in Article 27-2, Paragraph 1 of said act; including any purchase etc. carried out on a financial instruments exchange market) Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-2, Paragraph 1 of said act) and its specially related party (meaning the specially related party set forth in Article 27-2, Paragraph 7 of said act; hereinafter the same), (iii) a related party of a person set forth in (i) or (ii) above (a group combining an investment bank, a securities company or any other financial institution executing a financial advisory agreement with such person, or any other person sharing substantial interest with such person, a tender offer agent, an attorney, an accountant, a tax accountant and any other advisor, and a person reasonably determined by the board of directors to be a person who is substantially controlled by such person or who engages in joint and concerted action with such person), and (iv) a person who received Company shares from a person falling under any of (i) through (iii) above through negotiated trades outside the market or off-hours trading in the Tokyo Stock Exchange (ToSTNeT-1).

(Note 2) A voting rights ratio means, depending on the specific method of purchase by a specified

shareholder group, (i) in a case where the specified shareholder group is a holder or its joint holder of Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act), the holding ratio of share certificates etc. (meaning the holding ratio of share certificates etc. set forth in Article 27-23, Paragraph 4 of said act) of such holder (in this case, the number of share certificates etc. held (meaning the number of share certificates etc. held set forth in said paragraph) by the joint holder of such holder is also taken into account in calculation), or (ii) in a case where the specified shareholder group is a person who purchases etc. Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-2, Paragraph 1 of said act) or its specially related party, the sum of the ownership ratios of share certificates etc. (meaning the ownership ratio of share certificates etc. set forth in Article 27-2, Paragraph 8 of said act) of such person carrying out such purchase etc. and such specially related party. In calculating such holding ratio of share certificates etc., (a) a specially related party as defined in Article 27-2, Paragraph 7 of said act, (b) an investment bank, a securities company, or any other financial institution executing a financial advisory agreement with such specified shareholder, or a tender offer agent, a leading securities company, an attorney, an accountant, a tax accountant or any other advisor of such specified shareholder, and (c) a person who received Company share certificates etc. from a person falling under (a) or (b) above through negotiated trades outside the market or off-hours trading in the Tokyo Stock Exchange (ToSTNeT-1) are deemed to be joint holders of such specified shareholder under the Response Policies unless the Independent Committee acknowledges that there is no problem in maximizing the Company's corporate value or common interests of shareholders. Also in calculating such ownership ratio of share certificates etc., a joint holder (including those deemed as joint holders under the Response Policies) is deemed as a specially related party of such specified shareholder under the Response Policies. It should be noted that in calculating the holding ratio of share certificates etc. or the ownership ratio of share certificates etc., the securities report, the semiannual report, the report on the issuer's own stock repurchase, the financial results or the quarterly financial results, whichever was most recently submitted, can be referred to for the total number of issued shares (meaning the total number of issued shares set forth in Article 27-23, Paragraph 4 of said act) and the total number of voting rights (meaning the total number of voting rights set forth in Article 27-2, Paragraph 8 of said act).

- (Note 3) Share certificates etc. means the share certificates etc. set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.
- (Note 4) Whether "a relationship [has been] established between such specified shareholder group and such another shareholder(s) in which one of them substantially controls the other, or in which they engage in joint and concerted action" is determined on the basis of the Identification Criteria for Joint and Concerted Action (**Exhibit 2**; the Independent Committee can revise such criteria to the extent reasonable in light of amendment to laws and regulations, trends in court cases, or the like).
- (Note 5) The board of directors reasonably determines whether the action of iii above has been conducted with full respect for the advice of the Independent Committee. The board of directors may seek necessary information from the Company's shareholders to the extent necessary to determine whether the specific requirement of iii above will apply.

Also under the Response Policies, if as of the time of announcement of the introduction of the Response Policies, the voting rights ratio of a specified shareholder group has already reached 21% or greater, or if the action of iii above has caused the sum of the voting rights ratios of a specified shareholder group and other shareholders to be 21% or greater, such specified shareholder group shall fall under a "Large-scale Purchaser", and in a relationship with such specified shareholder group, a new purchase set out in i or ii above (for the avoidance of doubt, including the action of newly acquiring one Company share certificate etc.), or a new action set out in iii above carried out with other shareholders shall be treated as a "Large-scale Purchase etc."

For that reason, if as of the time of announcement of the introduction of the Response Policies, the voting rights ratio of a specified shareholder group has already reached 21% or greater, or if the action of iii above has caused the sum of the voting rights proportions as a specified shareholder group to be 21% or greater, a new purchase set out in i or ii above (for the avoidance of doubt, including the action of newly acquiring one

Company share certificate etc.), or a new action set out in iii above carried out with other shareholders is required to undergo the procedures set forth in the Response Policies.

(3) Procedures Leading Up to Implementation of Countermeasures

The purpose of the Response Policies is to ensure an opportunity for the shareholders to express their opinion on whether or not to accept a Large-scale Purchase etc., but it takes a certain amount of time for the Company to hold the Shareholders' Intent Confirmation Meeting. The Response Policies are also in place for the purpose of seeking provision of information from the Large-scale Purchaser in preparation for the shareholders to consider whether or not to accept such Large-scale Purchase etc., and securing the time required for the shareholders' consideration on the basis of such information.

Therefore, in order to make sure that the Shareholders' Intent Confirmation Meeting will be held after information on the Large-scale Purchase etc. is acquired from the Large-scale Purchaser, and time is secured for the shareholders' consideration, the Large-scale Purchaser is required to comply with the following procedures set forth in the Response Policies.

i. Submission of the Statement of Intent for Large-scale Purchase Actions etc.

After the Response Policies are introduced, a Large-scale Purchaser will be required to submit to the board of directors a written Statement of Intent for Large-scale Purchase Actions etc. 60 business days prior to an action falling under a Large-scale Purchase etc. The Statement of Intent for Large-scale Purchase Actions etc. must contain details, in Japanese, equivalent to the details to be described in a tender offer statement set forth in Article 27-3, Paragraph 2 of the Financial Instruments and Exchange Act, depending on the nature, manner, etc. of the contemplated Large-scale Purchase etc., and the signature or the name and seal of a representative of the Large-scale Purchaser, and be accompanied by a certificate of qualification of the representative who signed or inscribed its name and affixed its seal.

If the board of directors receives a Statement of Intent for Large-scale Purchase Actions etc. from a Large-scale Purchaser, the Company will promptly make a public announcement to that effect and on the content thereof as needed.

ii. Provision of Information

Within five business days from the date on which the board of directors receives the Statement of Intent for Large-scale Purchase Actions etc. (excluding the date of receipt of said statement; hereinafter the same) at the latest, the Company will seek from the Large-scale Purchaser provision of the information necessary for the shareholders to consider at the Shareholders' Intent Confirmation Meeting whether or not to accept the Large-scale Purchase etc. (hereinafter such information is referred to as "Required Information"). General items contained in the Required Information are as described in **Exhibit 3**. The specific content of said information varies by the nature of the Large-scale Purchaser and the details of the Large-scale Purchase etc., but in any case, are limited to the extent necessary and sufficient for the shareholders to make a decision and for the board of directors to form its opinion.

If the Company receives the Required Information, the Company will give notice to that effect and disclose the details of such information in a timely and appropriate manner to the extent necessary or useful for the shareholders to determine whether or not to accept the Large-scale Purchase etc. If the board of directors reasonably determines in light of the nature, manner, etc. of the Large-scale Purchase etc. that the information received from the Large-scale Purchaser is insufficient for the shareholders to determine whether or not to accept such Large-scale Purchase etc., the Large-scale Purchaser may be required to provide additional information within an appropriate submission period (in making such determination, the opinion of the Independent Committee will be fully respected). In such case, the Large-scale Purchaser must provide the board of directors with such additional information by the end of such submission period. If such information is provided, the Company will give notice to that effect and disclose the details of such information in a timely and appropriate manner to the extent necessary or useful for the shareholders to determine whether or not to accept the Large-scale Purchase etc. Unless otherwise determined by the board of directors, the language to be used for the content and provision of the Required Information and any and all notifications or communications to the Company shall be limited to Japanese.

iii. Board of Directors' Evaluation Period

The board of directors shall designate a period reasonably set by it within 60 business days from the date on which the Company received the Statement of Intent for Large-scale Purchase Actions etc. from the Large-scale Purchaser as the period in which the board of directors evaluates and considers

the pros and cons of the Large-scale Purchase etc. (“Board of Directors’ Evaluation Period”). It should be noted that the Board of Directors’ Evaluation Period is based on business days instead of calendar days, given that said period starts from the date of receipt of the Statement of Intent for Large-scale Purchase Actions etc. instead of from the time of completion of the provision of information of ii above.

Going forward, any Large-scale Purchase etc. should be carried out only after the Board of Directors’ Evaluation Period lapses (or if the Shareholders’ Intent Confirmation Meeting is to be held, after the agenda item relating to the implementation of countermeasures is rejected, and the Shareholders’ Intent Confirmation Meeting ends).

iv. Shareholders’ Intent Confirmation Meeting

If the board of directors opposes the Large-scale Purchase etc., and considers implementing countermeasures against such purchase, within 60 business days from the date of receipt of the Statement of Intent for Large-scale Purchase Actions etc., the Company will decide to hold the Shareholders’ Intent Confirmation Meeting, and promptly after making such decision, hold the Shareholders’ Intent Confirmation Meeting. In the Shareholders’ Intent Confirmation Meeting, the shareholders’ intent on whether or not to accept the Large-scale Purchase etc. will be confirmed in the form of seeking approval or disapproval of the agenda item relating to the implementation of countermeasures. At the Shareholders’ Intent Confirmation Meeting, the board of directors may make an alternative proposal to the Large-scale Purchase etc. to maximize the Company’s medium-to-long-term corporate value and shareholders’ interests. In making such proposal, the board of directors shall fully respect the opinion of the Independent Committee.

After considering information on the Large-scale Purchase etc., the shareholders will be asked to determine whether or not to accept the Large-scale Purchase etc. by approving or disapproving the agenda item relating to the implementation of countermeasures proposed by the board of directors. If a majority of the voting rights of the shareholders who can exercise voting rights in attendance at the Shareholders’ Intent Confirmation Meeting approves the agenda item relating to the implementation of countermeasures, such agenda item shall be deemed to have been approved. If the Shareholders’ Intent Confirmation Meeting is to be held, the board of directors will send to the shareholders a convocation notice of the general meeting of shareholders together with the Required Information provided by the Large-scale Purchaser, the opinion of the board of directors on the Required Information, the alternative proposal made by the board of directors, and any other documents containing matters determined appropriate by the board of directors in a timely and appropriate manner. Additionally, if the Shareholders’ Intent Confirmation Meeting is to be held, the scope of shareholders who can exercise voting rights (in light of recent court cases, the manner of the Large-scale Purchase etc. and the like, such scope will be decided in an appropriate manner), the reference date for the exercise of voting rights, the date and time of the Shareholders’ Intent Confirmation Meeting and other details will be notified through a timely and appropriate method.

v. Countermeasures

In a case where the shareholders approve the agenda item relating to the implementation of countermeasures proposed by the board of directors at the Shareholders’ Intent Confirmation Meeting, if the Large-scale Purchaser does not cancel the Large-scale Purchase etc., in accordance with the shareholders’ intent, the board of directors will implement the countermeasures (allotment of share options without contribution to which discriminatory exercise conditions etc. and acquisition clauses etc. are attached) set forth in 3 below with full respect for the opinion of the Independent Committee. Conversely, if the shareholders do not approve the agenda item relating to the implementation of countermeasures at the Shareholders’ Intent Confirmation Meeting, in accordance with the shareholders’ intent, the board of directors will not implement countermeasures.

However, if a Large-scale Purchaser does not comply with the procedures set forth in i through iii above, and intends to carry out a Large-scale Purchase etc., the Company cannot secure the time necessary for the shareholders to consider whether or not to accept the Large-scale Purchase etc. on the basis of information disclosed by the Large-scale Purchaser or ensure an opportunity to confirm the shareholders’ intent. Accordingly, in such case, unless there is any special reason, without holding the Shareholders’ Intent Confirmation Meeting, the board of directors will implement countermeasures. In determining whether or not to implement countermeasures, the board of directors will fully respect the opinion of the Independent Committee. When implementing countermeasures, the Company will make

disclosures in a timely and appropriate manner.

### 3. Overview of Countermeasure (Allotment of Share Options Without Contribution)

An overview of the allotment of Share Options without contribution that the Company will carry out as a countermeasure under the Response Policies is as set forth below (besides the following, other details of the Share Options shall be separately specified by the board of directors at the time of a resolution of allotment of Share Options without contribution).

#### (1) Share Options to Be Allotted

##### i. Type of Shares Underlying Share Options

Common shares of the Company

##### ii. Number of Shares Underlying Share Options

The number of underlying shares per Share Option shall be separately specified by the board of directors.

##### iii. Value of Assets to Be Contributed for the Exercise of Share Options

Cash shall be contributed for the exercise of share options, and the value shall be an amount obtained by multiplying 1 yen by the number of underlying shares per share option.

##### iv. Share Options Exercise Period

The period during which Share Options may be exercised shall be a certain period of time separately specified by the board of directors.

##### v. Conditions for Exercising Share Options

- (a) Share Options held (including those substantially held) by Unqualified Persons may not be exercised.

An “Unqualified Person” refers to a person falling under any of the following. Note that with respect to the identification or determination of (y) in (iv) below, the board of directors shall fully respect the recommendations of the Independent Committee under the Identification Criteria for Joint and Concerted Action (**Exhibit 2**) and identify Unqualified Persons; if a Shareholders’ Intent Confirmation Meeting is to be held, the identification of Unqualified Persons shall be included in an agenda item relating to the implementation of countermeasures for the Company’s shareholders to deliberate.

(i) Large-scale Purchaser

(ii) Joint holder of a Large-scale Purchaser (including a party deemed to be a joint holder under the Response Policies)

(iii) Specially related party of a Large-scale Purchaser (including those deemed as a specially related party under the Response Policies)

(iv) A person that the board of directors reasonably determines, based on the recommendations of the Independent Committee, to fall under any of the following:

(x) A person who has received or succeeded to Share Options from any person falling under any of (i) to (iv) above, without the Company’s approval; or

(y) A “related party” of a person falling under any of (i) to (iv) above. A “related party” means an investment bank, a securities company or any other financial institution executing a financial advisory agreement with such person, or any other person sharing substantial interest with such person, a tender offer agent, an attorney, an accountant, a tax accountant and any other advisor, and a person who is substantially controlled by such person or who engages in joint and concerted action with such person. In determining a partnership or other fund to be a “related party,” the fund manager being substantially identical and other circumstances shall be taken into consideration.

- (b) A Share Options holder shall be entitled to exercise Share Options only after submitting to the Company a document containing a representations and warranties clause confirming that the Share Options holder does not fall under any Unqualified Persons of v(a) above (if exercising

Share Options for the benefit of a third party, including confirmation that such third party does not fall under any Unqualified Persons of v(a)), an indemnity clause and any other matters set forth by the Company; materials indicating satisfaction of any conditions requested by the Company to the extent reasonable; and any other documents required under Laws and Regulations etc.

- (c) If, under applicable foreign securities laws and other Laws and Regulations etc., the exercise of Share Options by a person located in the jurisdiction of such Laws and Regulations etc. requires implementation of prescribed procedures or satisfaction of prescribed conditions, such person in the jurisdiction may exercise Share Options only upon the Company's acknowledgement that all such procedures and conditions have been implemented and satisfied. It should be noted that, even if the Company's implementation or satisfaction of the procedures and conditions above allows the person in the jurisdiction to exercise Share Options, the Company is not obligated to implement such procedures or satisfy such conditions.
- (d) The confirmation of the satisfaction of the conditions of v(c) above will be performed in accordance with procedures that comply with the procedures set forth in v(b) as set forth by the board of directors.

vi. Acquisition Clause

- (a) With respect to unexercised Share Options that are exercisable in accordance with the provisions of v(a) and (b) above (i.e. those held by persons who do not fall under Unqualified Persons) (including Share Options held by those who fall under v(c) above; "Exercisable Share Options" in vi(b) below), the Company, on a date after the effective date of allotment of Share Options without contribution that is determined by the board of directors, may acquire, as consideration, a number of common shares of the Company that corresponds to the integer of the product of multiplying the number of the Share Options for the acquisition by the number of underlying shares per one Share Option.
- (b) With respect to unexercised Share Options other than Exercisable Share Options, the Company, on a date after the effective date of allotment of Share Options without contribution that is determined by the board of directors, may acquire, as consideration, the same number of share options as the number of the Share Options for the acquisition that are subject to certain restrictions for the exercise by an Unqualified Person (the exercise conditions and acquisition clauses below and other restrictions determined by the board of directors; hereinafter such share options are referred to as "Second Share Options").

(i) Exercise Conditions

In a case where both of the following conditions are satisfied or in a case determined by the board of directors, an Unqualified Person may exercise Second Share Options only within a range that results in the ratio specified by the board of directors as the Large-scale Purchaser's voting rights ratio of a after the exercise of Second Share Options being below 21% or a ratio separately specified by the board of directors (if, Dalton Parties' voting rights ratio of share certificates etc. as of today exceeds 21%, then, in relation to Dalton Parties, the phrase "21% or a ratio separately specified by the board of directors" shall be amended to read "the Large-scale Purchaser's voting rights ratio as of today"; hereinafter the same).

- (x) In a case where the Large-scale Purchaser has suspended or cancelled the Large-scale Purchase etc. and subsequently provided a written covenant not to carry out the Large-scale Purchase etc.
- (y) (α) In a case where the ratio approved by the board of directors to be the Large-scale Purchaser's voting rights ratio (provided, however, that in (i), for the purpose of calculation of the voting rights ratio, Unqualified Persons who are not the Large-scale Purchaser or their joint holders will be treated as joint holders of the Large-scale Purchaser, and any Second Share Options held by Unqualified Persons for which the exercise conditions are not satisfied will be excluded from the calculation) is below 21% or a ratio separately specified by the board of directors; or (β) in a case where the ratio approved by the Company to be the Large-scale Purchaser's voting rights ratio is or exceeds 21% or a ratio separately specified by the board of directors, the Large-scale Purchaser and other Unqualified Persons have disposed of the Company shares on the market through a securities company approved by the Company, and the ratio approved by the board of directors as the Large-scale Purchaser's voting rights ratio after such

disposal is below 21% or a ratio separately specified by the board of directors.

(ii) Acquisition Clause

On the day 10 years after the date of delivery of the Second Share Options, the Company may acquire any unexercised Second Share Options that remain (limited to those for which the exercise options have not been satisfied) by paying consideration in cash equivalent to the market value of the Second Share Options at the time.

- (c) The confirmation of satisfaction of the conditions concerning the compulsory acquisition of the Share Options shall be in accordance with procedures that comply with the procedures set forth in v(b) above, determined by the board of directors. Note that during the period until the day before the start date of the period during which the Share Options are exercisable, the Company may acquire all Share Options free of charge on or after a date separately specified by the board of directors, provided that the board of directors deems such acquisition of the Share Options by the Company appropriate.

vii. Assignment Approval

Acquisition of the Share Options through assignment requires approval of the board of directors.

viii. Matters Concerning Capital and Reserves

Matters concerning capital and capital reserves that are expected to increase in conjunction with the exercise of the Share Options and the acquisition in accordance with the acquisition clause shall be stipulated in accordance with Laws and Regulations etc.

ix. Fractions

Any fraction of less than one in the number of shares to be delivered to persons who have exercised Share Options will be discarded. Provided, however, if a Share Options holder exercises multiple Share Options at once, the number of shares to be delivered to such holder for the exercise of each Share Option may be added in the calculation of the fraction.

x. Issuance of Share Option Certificates

No share option certificates will be issued for Share Options.

(2) Number of Share Options to Be Allocated to Shareholders

The Share Options will be allocated at a ratio of one Share Option per one common share of the Company (excluding the common shares held by the Company).

(3) Shareholders Eligible for Allotment of Share Options Without Contribution

Share Options will be allotted to all shareholders of common shares of the Company (excluding the Company itself) who are listed or recorded on the final shareholder register on a reference date separately specified by the board of directors.

(4) Total Number of Share Options

The total number of Share Options shall be the same as the final total number of issued shares of the Company on the reference date separately specified by the board of directors (provided, however, that this excludes the number of common shares held by the Company).

(5) Effective Date of Allotment of Share Options Without Contribution

The effective date shall be a date on or after a reference date separately specified by the board of directors that will be separately specified by the board of directors.

(6) Other

Allotment of Share Options without contribution shall take effect on condition that either of the following is satisfied: (i) if the shareholders approve at a Shareholders' Intent Confirmation Meeting, and the Large-scale Purchase etc. has not been cancelled (supposing that, after the fact, it is reasonably confirmed that a Large-scale Purchase etc. was carried out, cases where, within a reasonable period specified by the board of directors based on recommendations of the Independent Committee, the holding etc. of Company share certificates etc. falling under a Large-scale Purchase etc. and the specific possibility thereof were not resolved), or (ii) if the Large-scale Purchaser does not comply with the procedures set forth in 2(3) above, and intends to carry out the Large-scale Purchase etc. (supposing that, after the fact, it is reasonably

confirmed that a Large-scale Purchase etc. was carried out, cases where, within a reasonable period specified by the board of directors based on recommendations of the Independent Committee, the holding etc. of Company share certificates etc. falling under a Large-scale Purchase etc. and the specific possibility thereof were not resolved).

#### **4. Impact on Shareholders and Investors**

##### **(1) Impact of Response Policies on Shareholders and Investors at Time of Introduction of Response Policies**

There will be no allotment of Share Options without contribution at the time of the introduction of the Response Policies. Accordingly, at the time of their introduction, the Response Policies will not have a direct or specific impact on the rights and economic interests of shareholders and investors.

##### **(2) Impact of Allotment of Share Options Without Contribution on Shareholders and Investors at Time of Such Allotment**

Share Options will be automatically allotted to all shareholders, and therefore no shareholder will lose any rights in conjunction with allotment of Share Options. If allotment of Share Options without contribution is carried out, this would dilute the per-share value of the Company shares that shareholders hold, but the value of the Company shares that shareholders hold as a whole will not be diluted. Accordingly, we do not expect this to have a direct or specific impact on the legal rights and economic interests of shareholders and investors. Further, prior to the exercise period of Share Options, the Company plans to compulsorily acquire all Share Options at once under the acquisition clause on them and deliver Company shares for the Share Options that satisfy their exercise conditions.

However, in the case of the Unqualified Persons set forth in **3(1)v(a)** above, if countermeasures are implemented, such persons may suffer disadvantages on their legal rights or economic interests as a result.

When carrying out allotment of Share Options without contribution, the Company will set a reference date for receiving allotment of Share Options without contribution. Because allotment of Share Options without contribution will dilute the per-share value of the Company shares, the price of Company shares may decline after eligible shareholders for allotment of Share Options without contribution are determined. The board of directors will take into account the manner of the Large-scale Purchase etc. and other circumstances before setting a reference date for allotment of Share Options without contribution. The Company will disclose such reference date in a timely and appropriate manner when it sets such date.

If the Large-scale Purchaser complies with the procedures set forth in **2(3)** above and is unable, at a Shareholders' Intent Confirmation Meeting, to obtain shareholder approval for an agenda item relating to the implementation of countermeasures, there will be no allotment of Share Options without contribution. Further, if the board of directors, having commenced the procedures for implementing the countermeasures, concludes that there no longer is any need to implement the countermeasures (for example, if the Large-scale Purchaser has cancelled the Large-scale Purchase etc. and provided a written covenant not to implement any Large-scale Purchase etc. going forward), the implementation of the countermeasure may be suspended or withheld (in such cases, disclosures in a timely and appropriate manner will be made in accordance with applicable Laws and Regulations etc.). If any of these situations occur, shareholders and investors who purchase or sell the Company shares based on the anticipated dilution in the per-share value of Company shares may suffer substantial damage from fluctuations in the share price.

##### **(3) Procedures Required for Shareholders at Time of Allotment of Share Options Without Contribution**

###### **(a) Procedures for Allotment of Share Options Without Contribution**

If the board of directors resolves to carry out allotment of Share Options without contribution, the Company will set a reference date for allotment of Share Options without contribution and disclose such date in a timely and appropriate manner. In this case, Share Options will be allotted without contribution to Company shareholders listed or recorded on the final shareholder register as of the reference date, in proportion to the number of common shares they hold. Accordingly, Company shareholders listed or recorded on the final shareholder register as of the reference date will receive allotment of Share Options as a matter of course without any need to follow any particular procedures.

###### **(b) Procedures for Acquisition of Share Options**

While there are, as described in **3** above, conditions and procedures for exercising Share Options to be allotted to shareholders, in principle, the Company plans to acquire such options pursuant to the



acquisition clause on a date prior to the start of the exercise period that will be separately specified by the board of directors. In that case, the Company shall implement such acquisition after issuing a public notice at least two weeks prior to the acquisition date pursuant to Laws and Regulations etc..

If in accordance with 3(1)vi(b) above, the Company plans to acquire Share Options pursuant to the acquisition clause, shareholders will receive, without paying cash equivalent to the exercise price, common shares of the Company as consideration for the Company's acquisition of Share Options. Provided, however, that the treatment of the acquisition or exercise of Share Options for Unqualified Persons will be different from those for other shareholders.

(c) Other

If the procedures described above become necessary, the Company will disclose such procedures in a timely and appropriate manner in accordance with applicable Laws and Regulations etc. for review.

## 5. Mechanisms to Raise the Reasonableness of the Response Policies

### (1) The Response Policies Take Into Account the Purport of Guidelines etc. Concerning Response Policies Introduced During Normal Phases

The Response Policies differ from so-called "proactive anti-takeover measures" that are adopted during normal phases, but they were formulated in light of the contents of the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, the contents of the proposal entitled "Takeover Defense Measures in Light of Recent Changes in the Environment" announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008, the purport of the "Guidelines for Corporate Takeovers: Enhancing Corporate Value and Securing Shareholders' Interests" announced by the Ministry of Economy, Trade and Industry on August 31, 2023, and the Tokyo Stock Exchange's rules on response policies to be introduced during normal phases and "Principle 1.5 Anti-Takeover Measures" in the "Corporate Governance Code" (as amended on June 11, 2021) that came into effect on June 1, 2015 after it was introduced by an amendment to the Securities Listing Regulations, and requirements under such guidelines that apply to response policies during an emergent phase are satisfied by the Response Policies.

### (2) Respect for Shareholders' Intent (Response Policies are Mechanisms that Directly Reflect the Intent of Shareholders)

The Response Policies are to be adopted by a resolution of the board of directors meeting, and there is no plan to obtain the approval of the shareholders at a general meeting of shareholders, but in principle, in the implementation of countermeasures pursuant to the Response Policies, the Company will reflect the intent of the shareholders by convening a Shareholders' Intent Confirmation Meeting. As long as the Large-scale Purchaser complies with the procedures set forth in 2(3) above, the decision on whether to implement countermeasures will be made solely based on the intent of the shareholders confirmed at the Shareholders' Intent Confirmation Meeting.

Moreover, if the Large-scale Purchaser does not comply with the procedures set forth in 2(3) above, and intends to carry out a Large-scale Purchase etc., countermeasures will be implemented only by the board of directors with full respect for the opinion of the Independent Committee, but such action by the Large-scale Purchaser is based on the Large-scale Purchaser's decision not to grant shareholders the opportunity to carefully consider necessary and sufficient information before making a decision on whether to support or oppose the Large-scale Purchase etc., and implementation of countermeasures against such Large-scale Purchase etc. that ignores the intent of the shareholders is believed to be unavoidable to secure the Company's corporate value and the common interests of shareholders.

In addition, as set forth in 6 below, the Response Policies come into effect today, but in principle, the effective period will be until the conclusion of the board of directors meeting that is first convened after the Company's annual general meeting of shareholders convened in June 2026.

In such a way, the Response Policies fully respect the intent of shareholders.

### (3) Elimination of Arbitrary Decisions by Directors

As set forth in (2) above, the Company will convene a Shareholders' Intent Confirmation Meeting and will decide whether to implement countermeasures against the Large-scale Purchase etc. in accordance with the

intent of the shareholders. Provided that the Large-scale Purchaser complies with the procedures set forth in 2(3) above, the decision on whether to implement countermeasures will be made based on whether the proposal for implementation of countermeasures is approved at the Shareholders' Intent Confirmation Meeting. Further, if the Large-scale Purchaser does not comply with the procedures set forth in 2(3) above, and intends to carry out a Large-scale Purchase etc., the board of directors will fully respect the opinion of the Independent Committee in the implementation of the prescribed countermeasures. Consequently, countermeasures will not be implemented based on the arbitrary discretion of the board of directors.

Further, as set forth in 2(1)ii above, the Company will receive recommendations of the Independent Committee concerning the advisability of implementation of countermeasures and other matters necessary to respond in accordance with the Response Policies to ensure the necessity and appropriateness of the Response Policies, and to prevent management from abusing the Response Policies to protect their interests. In addition, to ensure the fairness of its decision and to eliminate any arbitrary decisions by the board of directors, the board of directors will fully respect the opinion of the Independent Committee. Furthermore, when necessary, the Independent Committee will be able to obtain the advice of external experts (such as financial advisors, attorneys, certified public accountants, and tax accountants) who are independent from the board of directors and the Independent Committee. The objectivity and reasonableness of determinations of the Independent Committee are ensured from the foregoing.

Accordingly, the Response Policies eliminate arbitrary decisions by directors.

(4) **The Response Policies Are Not Dead Hand-Type Anti-Takeover Measures or Slow Hand-Type Anti-Takeover Measures**

As set forth in 6 below, because the Response Policies can be abolished at any time by a resolution of the board of directors composed of directors elected at general meetings of shareholders, they are not the so called "dead hand-type anti-takeover measures" (anti-takeover measures that cannot be prevented from implementation even if a majority of the members of the board of directors are replaced) or "slow hand-type anti-takeover measures" (anti-takeover measures that, because members of the board of directors cannot be replaced all at once, require time to prevent implementation).

**6. Procedures for Abolition and Effective Period of Response Policies**

The Response Policies come into effect today, but the effective period is until the conclusion of the board of directors meeting that is first convened after the Company's annual general meeting of shareholders convened in June 2026. However, if at the time of conclusion of the board of directors meeting that is first convened after the Company's annual general meeting of shareholders convened in June 2026, there is a person that is actually conducting a Large-scale Purchase etc. or a person contemplating such conduct that has been specified by the board of directors, to the extent necessary to respond to such conduct or contemplated conduct, such effective period shall be extended. Note that as set forth above, the Response Policies are to be introduced focusing on the response to the Large-scale Purchase etc. including the Share Buying Up which has already materialized, and thus there is no plan to maintain the Response Policies after the specific Large-scale Purchase etc. is no longer contemplated.

Note that even before the expiration of the effective term, if the board of directors composed of directors elected at general meetings of shareholders of the Company resolve to abolish the Response Policies, the Response Policies will be abolished at such point in time.

End

**Summary of Independent Committee Regulations**

1. The Independent Committee shall be established by a resolution of the board of directors for the purposes of preventing arbitrary decisions by the board of directors, and to enhance further fairness and objectivity in the operation of the Response Policies.
2. The Independent Committee shall have three or more members, and shall be elected by a resolution of the board of directors from among (1) outside directors of the Company, or (2) outside experts (experienced company managers, former government officials, attorneys, certified public accounts, academic experts, and persons comparable to the foregoing) who are independent from the management who executes the Company's business.
3. The term of office of a member of the Independent Committee shall be until the conclusion of the board of directors meeting that is first convened after the annual general meeting of shareholders of the Company for the last business year that ends within one year from the time of his or her election.
4. Meetings of the Independent Committee shall be convened by each director or member of the Independent Committee.
5. The chairperson of the Independent Committee shall be chosen by mutual election among the members of the Independent Committee.
6. In principle, the Independent Committee passes a resolution by a majority of the members in attendance at a meeting attended by all Independent Committee members; provided, however, that if any member of the committee is unable to attend, or for other special reason, the resolution will be passed by a majority of the members in attendance at a meeting attended by a majority of the committee members.
7. The Independent Committee shall deliberate on and resolve the following matters, and make recommendations to the board of directors explaining the reasons for the recommendations:
  - (1) Advisability of implementation of countermeasures related to the Response Policies;
  - (2) Discontinuation of implementation of countermeasures related to the Response Policies;
  - (3) Other than (1) and (2) above, matters regarding which the Independent Committee has been given authority with respect to the Response Policies; and
  - (4) Any other matters regarding which the board of directors or the representative director of the Company voluntarily consults with the Independent Committee in connection with the Response Policies.

Members of the Independent Committee are required to conduct deliberations and decide resolutions of the Independent Committee mainly from the perspective of the medium-to-long-term corporate value of The Company group and the common interests of shareholders, and not for the purpose of benefiting the individual interests of themselves or the Company's management.
8. When necessary, the Independent Committee shall have directors and employees of the Company, and other persons determined necessary, attend meetings of the Independent Committee, and seek opinions and explanations concerning matters sought by the Independent Committee.
9. In the execution of its duties, the Independent Committee can, at the Company's expense, obtain advice from external experts (including investment banks, securities companies, financial advisors, certified public accountants, attorneys, consultants, tax accountants, and other experts) who are independent from the management who execute the Company's business.

### Identification Criteria for Joint and Concerted Action

- \* These Criteria are to be used, when identifying an “Unqualified Person” including the Large-scale Purchaser as defined in the Response Policies, as criteria to determine whether a person falls under the category of “a person who is substantially controlled by such person or who engages in joint and concerted action with such person”, but when identifying a “Large-scale Purchase etc.”, which is a premise for identifying the “Large-scale Purchaser”, these Criteria are also to be used as criteria to determine whether “a relationship . . . between such Specified Shareholder Group and such another shareholder(s) in which one of them substantially controls the other, or in which they engage in joint and concerted action” is established.
  - \* Identification shall be made by the method of comprehensive determination, taking into account, in addition to the factors set forth in the items below, whether there are direct or indirect facts that suggest that there has been “no” communication of intent between the subject of the identification (including such subject’s parent company, subsidiaries, and other entities that are to be viewed as equivalent to the subject of the identification; “Identification Subject”) and specified shareholders of the Company.
  - \* Hereinafter, a “Large-scale Purchaser” includes the parent company and subsidiaries of the “Large-scale Purchaser” (together with the Large-scale Purchaser, the “Large-scale Purchaser Group”), and officers and major shareholders of the Large-scale Purchaser Group.
1. Whether the timing of the Identification Subject’s acquisition of Company share certificates etc. overlaps with the timing of acquisition of Company share certificates etc. or act of making an important proposal, etc. or other substantial acquisition of management control of the Company or action to gain substantial influence over the Company management by the Large-scale Purchaser.
  2. Whether the number of acquired Company share certificates etc. by the Identification Subject has reached a significant amount.
  3. Whether the time of commencement of the acquisition of Company share certificates etc. by the Identification Subject was close to the time of commencement of acquisition of the Company share certificates etc., or substantial acquisition of management control of the Company or action to gain substantial influence over the Company management by the Large-scale Purchaser such as the expression of intent to engage in acquisition of management control of the Company or act of making an important proposal, etc. to the Company, or to the reference date of a general meeting of shareholders that included agenda items related to the Response Policies as objectives, or other event related to actions of the Large-scale Purchaser.
  4. Whether, during a time when the market trading status of Company share certificates etc. was abnormal (for example, when the trading volume was markedly higher than the average volume or when share prices had risen sharply compared to average share prices during the preceding period), the Identification Subject acquired Company share certificates etc., or there are other similarities, with respect to such person’s acquisition, in the characteristics of the timing or manner of Large-scale Purchaser’s acquisition of the Company share certificates etc. (for example, whether margin buying is being utilized).
  5. Whether the Identification Subject acquired share certificates of other listed companies that the Large-scale Purchaser is acquiring (or has acquired), and whether the timing of such acquisition and the period of ownership overlaps with such specified shareholder.
  6. Whether, during a period that overlaps with Paragraph 5 above, the exercise of shareholder rights (common benefit rights) by the Identification Subject against such other listed company (another listed company of which the Identification Subject, along with the Large-scale Purchaser, is a shareholder) conformed with the exercise by the Large-scale Purchaser. If such exercise conformed, the degree of conformity in light of the type, details, results of the shareholder rights, and so on.
  7. Whether, as a result of exercise of voting rights or other common benefit rights by the Identification Subject and the Large-scale Purchaser against such other listed company set forth in Paragraph 5 above (if there is any shareholder other than such Identification Subject that exercised voting rights or other common benefit rights in conformity with Large-scale Purchaser, such shareholder), any director or other officer is elected or dismissed, and during the term of office of officers after such change, any likelihood of damage to the corporate value or shareholder value of the listed company arises (for example, occurrence of an event that

constitutes or is likely to constitute a material violation of laws and regulations, delisting, designation as a security requiring enhanced disclosure, bankruptcy or other legal insolvency procedures, or issuance of shares or share options resulting in large-scale dilution). If such likelihood of damage has arisen, the degree of the likelihood of damage to corporate value or shareholder value.

8. Whether there is or was any direct or indirect capital relationship or loan / borrowing relationship between the Identification Subject and the Large-scale Purchaser.
9. Whether, between the Identification Subject and the Large-scale Purchaser, there is or was a direct or indirect relationship of concurrent service of officers, familial relationship (including common-law marriage and other comparable relationship; hereinafter the same), business relationship, or personal relationship formed through a shared alma mater or other community affiliation, or a personal relationship such as one that is formed by the fact that one person is or was an employee, partner or member of the other person.
10. Whether the exercise of shareholder rights (common interest rights) by the Identification Subject against the Company conformed with the exercise by the Large-scale Purchaser. If such exercise conformed, the degree of conformity in light of the type, details, results of the shareholder rights, and so on (this Paragraph 10 cannot be the only basis for identifying an Unqualified Person).
11. Whether the behavior etc. of the Identification Subject related to the business or management policy of the Company is similar to that of the Large-scale Purchaser. If there is similar behavior etc., the degree of similarity in light of the timing and details of such behavior etc. (this Paragraph 11 cannot be the only basis for identifying an Unqualified Person).
12. Whether the Identification Subject's agent or advisor belongs or belonged to the same office, corporation or group as the Large-scale Purchaser, has a business alliance, has worked together on similar matters, and / or has a familial relationship or other personal relationship with the Large-scale Purchaser, or has any other relationship which facilitates communication of intent with the Large-scale Purchaser (whether direct or indirect).
13. Whether there are any other direct or indirect facts that suggest that the Identification Subject has communicated its intent to the Large-scale Purchaser.

**Information Sought from the Large-scale Purchaser**

1. Details (including names, nature of business, history or background, capital structure, financial details, experience in businesses similar to the business of the Company and its group companies) of the Large-scale Purchaser and its group (including joint holders, specially related parties, partners (in the case of a fund), and other members).
2. The purpose, method, details, etc. of the Large-scale Purchase etc. (including the amount and type of consideration for the Large-scale Purchase etc., the timing of the Large-scale Purchase etc., mechanism of transactions related to the Large-scale Purchase etc., lawfulness of the method of the Large-scale Purchase etc., and feasibility of the Large-scale Purchase etc. and related transactions).
3. Basis for calculation of the purchase price of the Company Shares for the Large-scale Purchase etc. (including facts that are the basis for the calculation, method of calculation, numerical information used for the calculation, and details of synergies expected to arise from the series of transactions related to the Large-scale Purchase etc.).
4. Funding sources for the Large-scale Purchase etc. (including the specific names of fund providers (including substantial providers), procurement methods, and details of related transactions).
5. Candidates for officers of the Company and its group companies (including information related to their experience in businesses similar to the business of the Company and its group companies), management policies, business plans, financial plans, capital policies, dividend policies, and asset utilization measures for the Company and its group companies envisioned after the completion of the Large-scale Purchase etc..
6. Whether, after the completion of the Large-scale Purchase etc., there will be any changes to relationships among the Company and its group companies and their customers, transaction partners, employees and other stakeholders, and if there will be such changes, the details of such changes.

## Past Investment Activities of Dalton Parties

### 1. Investment in SunTel

On September 3, 2003, in a large-volume holding report regarding share certificates etc. of SunTelephone Co., Ltd. (“Suntel”), Dalton Parties announced that their holding ratio of share certificates etc. of Suntel was 5.05%. Thereafter, they intermittently bought up Suntel shares until October 18, 2006, when Dalton Parties announced that they would commence a tender offer for Suntel shares (“Dalton TOB for Suntel”) starting the following day, October 19, without providing Suntel any information or opportunity for consultations.

According to the Change Report No. 1 filed by Dalton Parties. on October 25, 2006 (Note 1) and other publicly disclosed information, as of October 18, 2006, the date of the prior announcement of the commencement of the Dalton TOB for Suntel, the buying up of Suntel shares on and off the market resulting in Dalton Parties’ holding ratio of share certificates etc. relating to Suntel shares reaching 41.94% (however, due to the double counting of shares held by JMBO, the actual holding ratio of share certificates etc. based on the actual number of share certificates etc. held was 27.90%), representing approximately 31.4% of the total number of voting rights. Moreover, Dalton Parties clearly stated in the press release announcing the commencement of the Dalton TOB for Suntel that they previously proposed an MBO to Suntel, but since the management of Suntel rejected such proposal, they decided to initiate the Dalton TOB for Suntel with the aim of increasing the number of their voting rights by conducting a tender offer to purchase the number of shares that would represent approximately 9% of the total number of voting rights, thereby achieving privatization of Suntel through an MBO. In the large-volume holding report dated May 17, 2006, Dalton stated the purpose of holding the shares as “pure investment.” However, in the Change Report No. 1 dated October 25, 2006, which pertains to the aforementioned large-volume holding report and the reporting obligation which arose on October 18, 2006, the purpose of holding was changed to “pure investment, and to propose an MBO and other proposals for the enhancement of corporate value and the provision of returns to shareholders.”

The Dalton TOB for Suntel was successful, and as a result, Dalton Parties acquired Suntel shares representing 56.51% of the holding ratio of share certificates etc. of Suntel (however, due to the double counting of shares held by JMBO, the actual holding ratio of share certificates etc. based on the actual number of share certificates etc. held was 41.95%), representing approximately 39.61% of the total number of voting rights.

Subsequently on December 20, 2006, JIP-I Co., Ltd. (“JIP-I”), a wholly-owned subsidiary of JBP-I Co., Ltd. (“JBP-I”), in which Japan Industrial Partners, Inc. and Bain Capital Partners LLC each held 50% of the issued shares, announced that it would conduct an MBO of Suntel through a tender offer (“JIP-I TOB for Suntel”). Dalton Parties entered into an agreement with JIP-I to tender all of the Suntel shares that they held (approximately 38.94% of the total number of issued shares of Suntel (excluding treasury shares) according to the tender offer statement for the JIP-I TOB for Suntel) in the JIP-I TOB for Suntel, and in fact sold all of their Suntel shares in the JIP-I TOB for Suntel. As a result of the completion of the JIP-I TOB for Suntel, Suntel was delisted on May 24, 2007.

According to press reports, Dalton Parties held 10% of JBP-I shares as of December 2012<sup>2</sup>, and it is possible that they had planned a so-called rollover investment even before the implementation of the JIP-I TOB for Suntel. For details on the rollover investment, please refer to 3 below.

Given the above circumstances, Dalton Parties succeeded in causing Suntel to implement an MBO in line with their intentions through the massive buying up of shares. As a result, Dalton Parties secured an opportunity to sell their Suntel shares in a short period of time, slightly more than six months after the commencement of the Dalton TOB for Suntel.

(Note 1) The Change Report No. 1 dated October 25, 2006 is a change report related to the large-volume holding report newly filed by Dalton Parties on May 17, 2006. Dalton Parties filed multiple large-

<sup>2</sup> December 26, 2012 Nihon Securities Journal article, “Special Report: Nitto Kogyo Acquires SunTel: An MBO with No Winner?”

volume holding reports related to share certificates etc. of Suntel in conjunction with changes in shareholders, and accordingly filed change reports related to each such large-volume holding report.

## **2. Investment in T&K TOKA**

On June 6, 2012, Dalton Parties filed a large-volume holding report regarding share certificates etc. of T&K TOKA Co., Ltd. (at that time, T&K TOKA) (“T&K”) with Dalton LLC as the filer. From that date until February 8, 2024, when they announced in the Change Report No. 22 that their holding ratio of share certificates etc. as of February 1, 2024 was 24.57%, Dalton Parties basically intermittently bought up T&K shares on and off the market at a pace of approximately 1 to 3% increases in their holding ratio of share certificates etc. per year.

According to publicly disclosed information, T&K appointed Mr. Kota Isogai (“Mr. Isogai”), an officer of Dalton Japan, as a director from June 2019 to June 2022, as recommended by Dalton LLC. In addition, according to publicly disclosed information, Mr. Isogai, who was appointed as a director upon the recommendation of Dalton LLC, rarely expressed opinions on business strategies at meetings of T&K’s board of directors etc., and instead focused his remarks on the potential and benefits of share buybacks. During his tenure as a director, the only proposal he submitted to T&K’s board of directors was a discussion regarding the sale of T&K’s assets and the use of the sales proceeds for a share buyback.

Further, Dalton Parties initially mentioned the possibility of making important suggestions etc., they stated that their purpose of holding the shares was basically for long-term holding, but immediately after Mr. Isogai resigned a director of T&K, in the Change Report No. 15 dated July 11, 2022, which added NAVF as a joint holder, Dalton Parties announced that their holding ratio of share certificates etc. as of July 4, 2022 was 20.69%, and stated the purposes of NAVF’s holding as follows: “Investing, providing management advice to the management team, and making suggestions as appropriate. In particular, Nippon Active Value Fund believes that the financial soundness and market position of the issuer are not reflected in its stock price, and may request dialogue with issuer’s management team to discuss methods to enhance stock value for all shareholders.”

According to publicly disclosed information, Dalton Parties subsequently made a proposal to T&K to take T&K private through an MBO by a private equity fund introduced by RSM and the management of T&K, but T&K did not accept this proposal. On January 10, 2023, without providing any information or opportunity for discussions to T&K, Dalton Parties started a tender offer for T&K shares (“Dalton TOB for T&K”), with 40.00% of shares as the minimum number to be purchased and 44.00% of shares as the maximum to be purchased. Dalton Parties made statements in the tender offer statement for the Dalton TOB for T&K such as the following: “Although we have no intention of acquiring management rights by seconding officers to the target company [Note: This means T&K; hereinafter the same], we will be close to holding a majority of the voting rights at T&K’s general meeting of shareholders, which will allow us to exert considerable influence on engagement activities, increase the sense of urgency in the target company’s top management, and enhance the feasibility of improving capital allocation.” However, according to the press release regarding T&K’s statement of opposition to the Dalton TOB for T&K, given the voting rights exercise ratio at T&K’s annual general meetings of shareholders, if the Dalton TOB for T&K had been successful, there was a high probability that Dalton Parties would have substantially held a majority of the voting rights at T&K’s general meeting of shareholders. Ultimately, the Dalton TOB for T&K failed because the total number of share certificates etc. tendered did not reach the minimum number of shares to be purchased.

Subsequently, Bain Capital Private Equity, LP (“Bain”) announced on August 17, 2023, and commenced on January 23, 2024, a tender offer for T&K shares (“Bain TOB for T&K”) with the aim of taking T&K private. In response, Dalton Parties entered into a tender offer agreement with the tender offeror and sold all of their T&K shares at that time (ownership ratio of 24.59% according to the tender offer statement for the Bain TOB for T&K (“Bain TOB for T&K Statement”)) through the Bain TOB for T&K. According to the Bain TOB for T&K Statement, Bain exchanged opinions with T&K on January 23, 2023, following the commencement of the Bain TOB for T&K on January 10, 2023, and decided to proceed with the Bain TOB for T&K, which makes clear that the Bain TOB for T&K was implemented as a result of the Dalton TOB for T&K. Note that T&K was delisted on April 25, 2024, following the completion of the Bain TOB for T&K.

Given the above circumstances, Dalton Parties ultimately succeeded in causing T&K to go private through the massive buying up of shares, thereby securing an opportunity to sell their T&K shares.



### 3. Investment in Trancom

On October 19, 2012, Dalton Parties filed a large-volume holding report regarding the share certificates etc. of Trancom Co., Ltd. (“Trancom”) with Dalton Advisory as the filer. From that date until February 8, 2024, when they announced in the Change Report No. 5 filed by Dalton that Dalton Parties’ holding ratio of share certificates etc. as of February 1, 2024 was 6.33%, Dalton Parties maintained a holding ratio of share certificates etc. of approximately 5 to 6%. However, from around May 2024, they began rapidly buying up Trancom shares on and off the market, and announced in the Change Report No. 6 dated May 23, 2024 that their holding ratio of share certificates etc. as of May 16, 2024 had reached 7.35%, and announced in the Change Report No. 7 dated July 19, 2024 that their holding ratio of share certificates etc. as of July 9, 2024 had reached 8.37%. Subsequently, they accelerated their buying up, and announced in the Change Report No. 11 dated August 23, 2024 that their holding ratio of share certificates etc. as of August 16, 2024 had reached 16.24%.

As stated above, Dalton Parties bought up approximately 8% of Trancom shares over a period of just one month between July 9, 2024 and August 16, 2024, bringing their holding ratio of share certificates etc. to 16.24%. Immediately thereafter, on September 17, 2024, Trancom announced that it would conduct an MBO through a tender offer for the purpose of privatization together with Bain (“Bain TOB for Trancom”). According to the tender offer statement for the Bain TOB for Trancom (“Bain TOB for Trancom Statement”) filed by Bain on September 18, 2024, (i) Dalton Parties entered into a tender offer agreement with the tender offeror (“Tender Offer Agreement”) to tender all of their Trancom shares (ownership ratio of 18.09% as stated in the Bain TOB for Trancom Statement) to the tender offeror, while at the same time, in the Tender Offer Agreement, they agreed that (ii) following the conclusion of the Bain TOB for Trancom and the subsequent stock consolidation taking effect for the purpose of a squeeze-out, they would engage in an equity investment of 14.40% (a so-called rollover investment) in the entity holding an equity interest of 69.3% in the wholly-owning parent company of the tender offeror (the remaining 30.7% was held by the founding family) at the same price as the tender offer price for the Bain TOB for Trancom, and that (iii) they would second one director to the wholly-owning parent company of the tender offeror. Transcom was delisted on January 15, 2025, following the completion of the Bain TOB for Trancom.

Given the above course of events, Trancom went private as a result of the massive buying up of shares by Dalton Parties, and Dalton Parties sold all of their Trancom shares. In addition, the content of the agreement specified in (ii) above is what is commonly referred to as a “rollover investment”. Generally, in the case where a rollover investment is planned following a tender offer, it is desirable for the rollover investor to ensure that the tender offer price is not excessively high in order to minimize the subsequent investment amount. Therefore, it has been pointed out that such transactions require careful consideration of potential conflicts of interest between the rollover investor and general shareholders<sup>3</sup>.

### 4. Investment in Eiken Chemical

On December 5, 2023, Dalton Parties announced in a large-volume holding report regarding share certificates etc. of Eiken Chemical Co., Ltd. (“Eiken Chemical”) that their holding ratio of share certificates etc. Eiken Chemical was 5.09%. From that date until June 3, 2025, when they announced in the Change Report No. 21 that their holding ratio of share certificates etc. of Eiken Chemical as of May 27, 2025 was 26.78%, Dalton Parties intermittently bought up Eiken Chemical shares at a pace of approximately 1 to 3% increases in their holding ratio of share certificates etc. per month.

According to publicly disclosed information, from the time Dalton Parties filed the large-volume holding report, they conducted “intermittent engagement”, and on November 8, 2024 proposed “an MBO model (a financial model to take the Company [Note: This means Eiken Chemical; hereinafter the same] private that assumes Dalton and related entities conduct a rollover investment after the Company goes private) under which the Company’s management, employees, and suppliers and customers from whom the Company seeks preferential treatment would be majority shareholders of the new company, and Dalton would own the remainder.” Subsequently, in a letter dated March 11, 2025, Dalton criticized the slow speed at which Eiken

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<sup>3</sup> September 17, 2021 Nikkei Business Daily article, “Are Minority Shareholder Approvals Necessary for Corporate Acquisitions?: Interview with Professor Wataru Tanaka of the University of Tokyo on Self-imposed Conditions and Rights Protection” and August 1, 2022 Nikkei online edition article, “Toshiba, Privatization Uncertain, Risks of Conflicts of Interest.”

Chemical's board of directors was considering the MBO model, recommended three director candidates ("Initial Candidates"), and requested that Eiken Chemical, by the end of March, respond as to whether Eiken Chemical will present the Initial Candidates as company-proposed candidates at the annual general meeting of shareholders to be convened in June 2025 ("June 2025 Annual General Meeting of Shareholders"), or if they become shareholder-proposed candidates, whether Eiken Chemical will vote in favor of them. However, notwithstanding the request to Eiken Chemical, on March 19, 2025, at a meeting with Eiken Chemical, Dalton Parties stated that if Eiken Chemical fails to make a decision by March 24, 2025 to designate the Initial Candidates as company-proposed candidates at the annual general meeting of shareholders to be held in June 2025 ("June 2025 Annual General Meeting of Shareholders"), Dalton Parties would submit a shareholder proposal requesting that the three Initial Candidates be designated as candidates for the proposal for the appointment of directors. Under pressure from Dalton Parties at the meeting, Eiken Chemical informed Dalton on March 24, 2025, that it cannot agree to nominate the Initial Candidates as company-proposed director candidates at the June 2025 Annual General Meeting of Shareholders for reasons such as (i) it cannot decide whether to accept the Initial Candidates within just two weeks of receiving the letter proposing them, and that (ii) Dalton shelved the execution of a non-disclosure agreement that includes, among other things, stand-still provisions although the execution of the non-disclosure agreement was necessary to designate the Initial Candidates as directors since the Initial Candidates included individuals affiliated with companies related to Dalton Parties Dalton ultimately submitted a shareholder proposal ("Shareholder Proposal") on April 21, 2025, proposing six director candidates, including the Initial Candidates ("Candidates"). Note that in the end, Eiken Chemical selected two of the Candidates as director candidates in its company proposal, and Dalton withdrew the Shareholder Proposal.

In this case, Dalton Parties also proposed an MBO based on a rollover investment after acquiring more than 20% of Eiken Chemical shares, and also clarified their intent to propose director candidates in order to accelerate consideration of the MBO.

## 5. Investment in Hogy Medical

On June 2, 2023, Dalton Parties filed a large-volume holding report regarding share certificates etc. of Hogy Medical Co., Ltd. ("Hogy Medical") and disclosed that their holding ratio of share certificates etc. was 6.48%. From that time until the disclosure in the Change Report No. 20 dated June 5, 2025 that their holding ratio of share certificates etc. as of May 23, 2025 was 26.38%, Dalton Parties intermittently acquired and increased their holding ratio of shares in Hogy Medical at a pace of approximately 1% per month.

At the annual general meeting of shareholders of Hogy Medical held on June 20, 2025 ("June 2025 Annual General Meeting of Shareholders"), Dalton Parties made a shareholder proposal ("Shareholder Proposal") to appoint three director candidates ("Candidates") on the grounds that all management policy options, including going private, should be considered. At the June 2025 Annual General Meeting of Shareholders, the proposal to appoint Mr. Rosenwald, the founder of Dalton, as a director was approved.

A recommendation report issued by a proxy advisory firm regarding the Shareholder Proposal included a comment that if any of the proposed Candidates who have a relationship with the company's largest shareholder are appointed as directors, there is a risk that the independence of the board of directors may be compromised. In addition, in acquiring shares in Hogy Medical, Dalton itself mentioned the possibility of conflicts of interest arising with general shareholders, stating in its large-volume holding report and change report that it "may, depending on the circumstances, engage in significant proposal actions etc. such as the following: (i) changing the composition of the board of directors by seeking a more transparent management system to avoid potential conflicts of interest and seeking the appointment of independent directors who respect the opinions of general minority shareholders etc.; (ii) changing dividend policies, such as increasing dividends to enhance share value, or revising capital policies, such as share buybacks; and (iii) taking any other reasonable measures that the filing company believes will enhance the shareholder value of the issuer." Furthermore, the board of directors of Hogy Medical also expressed opposition to the proposal to appoint Mr. Rosenwald as a director, citing concerns about potential conflicts of interest with general shareholders.

In addition, with respect to the proposal to appoint Mr. Rosenwald as a director at the June 2025 Annual General Meeting of Shareholders, when estimating the opposition rate of general shareholders other than Dalton Parties, the opposition rate of general shareholders reached approximately 67.05% (93,780 (the number of voting rights exercised against the shareholder proposal) divided by 139,861 (which is 196,261 (the total number of voting rights exercised) less 56,400 (the estimated number of voting rights exercised by Dalton Parties (the number of voting rights relating to the number of share certificates etc. held set out in the

Change Report No. 18 dated February 7, 2025, which is the latest change report filed at or before the end of March 2025))). Accordingly, while the proposal to appoint Mr. Rosenwald as a director was approved, it did not receive the approval of a majority of general shareholders other than Dalton Parties.

## **6. Investment in ASKA Pharmaceutical**

Following NAVF's submission of a Large-volume Holding Report regarding share certificates etc. of ASKA Pharmaceutical Holdings Co. Ltd. ("ASKA Pharmaceutical"), which indicated that NAVF Select and Dalton LLC were joint holders on November 24, 2023, and continuing until May 13, 2025, when it announced in the Change Report No. 15 that its holding ratio of share certificates etc. was 20.49% (percentage of voting rights of approximately 20.79%) as of May 2, 2025, Dalton Parties continuously bought up ASKA Pharmaceutical share certificates etc. at a rate of approximately 1% in their holding ratio of share certificates etc. per month. Concurrently, RSM made a proposal to ASKA Pharmaceutical in a letter dated January 28, 2025 to delist ASKA Pharmaceutical by an MBO with RSM and its investor group as partners, and requested a response to the MBO partner selection results within four weeks after receipt of the document. Further, on May 27, 2025, Mr. Rosenwald communicated to ASKA Pharmaceutical that there may be additional buying up, and asked that ASKA Pharmaceutical continue to consider the proposal.

Amid this situation, ASKA Pharmaceutical, sent a letter to Dalton on June 10, 2025, requesting that Dalton refrain from buying up shares that would result in Dalton holding 22% or more on a voting rights basis. However, on June 20, 2025, Dalton Parties responded that it had no intention of complying with the request and would continue buying up ASKA Pharmaceutical shares going forward.

Further, previously, after ASKA Pharmaceutical rejected an MBO proposal made immediately after Dalton Parties bought up ASKA Pharmaceutical shares rapidly and in large quantity, Dalton Parties demanded an excessive increase in dividends and also demanded that ASKA Pharmaceutical purchase ASKA Pharmaceutical shares held by Dalton Parties at a premium price.

Given the above circumstances, on July 1, 2025, the board of directors of ASKA Pharmaceutical resolved and announced the introduction of response policies for large-scale purchases etc., in light of the large-scale purchase etc. of ASKA Pharmaceutical's share certificates etc. by Dalton Parties

Subsequently, on August 18, 2025, ASKA Pharmaceutical announced that it had received from Dalton Parties a letter of intent regarding its large-scale purchases etc. on the same day, indicating that Dalton Parties intends to purchase shares of ASKA Pharmaceutical up to approximately 30% of its voting rights.

End