

[NOTICE: This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.]

Securities Code: 7279
January 5, 2026

To Our Shareholders

12-28, Sakaemachi 1-chome, Takarazuka-shi, Hyogo
HI-LEX CORPORATION
President and Representative Director Taro Teraura

Notice of the 82nd Annual Meeting of Shareholders

HI-LEX Corporation cordially invites shareholders to the 82nd Annual Meeting of Shareholders as described below.

In convening this Meeting, we have taken measures to provide information electronically, which is the content of the Reference Documents for the Meeting, etc. (Matters to Be Provided Electronically) published on each of the following websites on the Internet, so please access each of these websites and check the information.

[Our Company Website]

<https://www.hi-lex.co.jp/shm/>



[Website for the publication of documents for the Annual Meeting of Shareholders]

<https://d.sokai.jp/7279/teiji/>



[Tokyo Stock Exchange Website (Listed Company Search)]

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



(Please access the TSE website above, enter and search “HI-LEX CORPORATION” in “Issue name (company name)” or “Code” with our company’s stock code “7279,” select “Basic information” and then “Documents for public inspection/PR Information,” and check from the “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” section under “Filed information available for public inspection.”)

If you are unable to attend the Meeting, you may exercise your voting rights via the Internet or in writing (by mail). Please review the “Reference Document for the Annual Meeting of Shareholders” and exercise your voting rights in accordance with the “Guide to the Exercise of Voting Rights” shown below by the close of the Company’s business hours (5:20 p.m.) on Friday, January 23, 2026 (JST).

1. Date 10 a.m., Saturday, January 24, 2026 (reception opens at 9 a.m.)

2. Venue 1-1-33 Sakae-machi, Takarazuka-shi, Hyogo

1st Floor, Banquet Hall Houju, Takarazuka Hotel

Please refer to the “Annual Meeting of Shareholders Venue Map” at the end of this document if you are visiting the venue.

3. Purpose

- Items to be reported**
1. Business Report, Consolidated Financial Statements and Audit Results of Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors for the 82nd business period (from November 1, 2024 to October 31, 2025)
 2. Non-consolidated Financial Statements for the 82nd business period (from November 1, 2024 to October 31, 2025)

Items to be resolved

Company Proposal

Item No. 1: Appropriation of Surplus

Item No. 2: Election of Four (4) Directors

Item No. 3: Continuation of the Response Policy on Large-scale Purchases, etc. of the Company’s Shares (Takeover Response Policy)

Shareholder Proposal

Item No. 4: Dismissal of Yasuko Masaki as (Outside) Director

Item No. 5: Dismissal of Takashi Ueda as (Outside) Corporate Auditor

Item No. 6: Appropriation of Surplus

Item No. 7: Appropriation of Surplus

- ◎ When you attend the Meeting, please submit the enclosed voting form to the reception at the venue.
- ◎ In the event of a change to the Matters to Be Provided Electronically, a statement to that effect and the matters before and after the change will be published on each of the above websites.
- ◎ For this Meeting, the Company will send a document entitled “Matters to Be Provided Electronically” to all shareholders with voting rights, regardless of whether they have requested delivery of the document or not.

In addition, the following items of “Matters to Be Provided Electronically” will not be included in the document to be sent pursuant to the provisions of laws and regulations and Article 16, Paragraph 2 of the Articles of Incorporation of the Company.

- (i) Matters related to share acquisition rights, etc.
- (ii) Matters related to accounting auditors
- (iii) Systems to ensure the appropriateness of business operations and the status of operation of such systems
- (iv) Policy on determining dividends of surplus, etc.
- (v) Consolidated statement of changes in equity
- (vi) Notes to Consolidated Financial Statements
- (vii) Statement of changes in equity

(viii) Notes to Non-Consolidated Financial Statements

Accordingly, the corporate and accounting auditors have audited the documents to be audited, including the above matters.

Reference Document for the Annual Meeting of Shareholders

Meeting Agenda and Reference Matters

<Company Proposals 1 to 3>

Proposals 1 to 3 are Company Proposals.

Item No. 1: Appropriation of Surplus

Regarding the year-end dividend and appropriation of surplus for the fiscal year under review, the Company proposes the following, taking into consideration strengthening of the management structure and future business development while maintaining long-term stable dividends as the basic policy.

1. Year-end dividend

- (1) Matters concerning the allocation of dividend assets to shareholders and the total amount thereof

The Company would like to disburse 23 yen per common share of the Company.

Total amount of dividends 850,802,062 yen

- (2) Date on which the dividends of surplus will take effect

January 26, 2026

Item No. 2: Election of Four (4) Directors

At the conclusion of this Annual Meeting of Shareholders, the terms of office of all three (3) Directors will expire. In addition, Director Kenji Uenishi resigned effective March 7, 2025.

Therefore, the Company proposes that four (4) Directors be elected.

The candidates for Director are as follows.

List of Candidates

| Candidate No. | Attribute | Name [First / Last] | Present Position in the Company | Attendance at Board of Directors Meetings | Term of Office as Director (At closing of Annual Meeting of Shareholders) |
|---------------|---|---------------------|---------------------------------------|---|---|
| 1 | Reap- pointment | Taro Teraura | President and Representative Director | 16/16 times | 13 years |
| 2 | Reap- pointment Outside Independ- ent | Yasuko Masaki | Director | 16/16 times | 18 years |
| 3 | Reap- pointment Outside Independ- ent | Hiromi Yoshikawa | Director | 16/16 times | 5 years |
| 4 | New Ap- pointment Outside Independ- ent | Koichi Ogata | - | - | - |

| | | | | | |
|----------------------|---|---------|-----------------------------------|------------------|--|
| Reap- pointment | Candidate for re- election of Director | Outside | Candidate for Outside Director | Independ- ent | Candidates for Independent Officers as stipulated by the Tokyo Stock Exchange |
| New ap- pointment | Candidate for new appointment of Director | | | | |

| Candidate No. | Name [First / Last] (Date of Birth) | Brief Profile, Position and Responsibility at the Company, and Important Concurrent Positions | | No. of Company's Shares Owned |
|--|--|--|---|-------------------------------------|
| 1 | Taro Teraura (Born on May 12, 1977) <div>Reap-pointment</div> | Sep. 2002 | Joined the Company | 513,777 shares |
| | | Jan. 2012 | Executive Officer of the Company | |
| | | Jan. 2013 | Managing Director of the Company | |
| | | Dec. 2013 | In charge of Chennai, India Business of the Company | |
| | | Jan. 2018 | Senior Managing Director of the Company | |
| | | Jun. 2018 | In charge of Global Sales Department and European Business of the Company | |
| | | Jan. 2020 | President and Representative Director (incumbent) | |
| | | | [Important concurrent positions] HI-LEX HUNGARY CABLE SYSTEM MANUFACTURING LLC CEO HI-LEX CZECH, S.R.O. CEO | |
| [Reason for nomination as a candidate for Director] Mr. Taro Teraura is expected to make appropriate management judgments and decisions in order for the Group to achieve sustainable growth in the future. This includes making use of his abundant experience and knowledge to make management judgments and decisions in the global development of the business founded on the Company's bases in 15 countries around the world, and boldly taking on challenges in this era of dramatic change in the automobile industry. For this reason, he continues to be a candidate for the position of Director. | | | | |
| 2 | Yasuko Masaki (Born on April 8, 1955) <div>Reap-pointment</div> <div>Outside</div> <div>Independent</div> | Apr. 1982 | Registered as a practicing attorney (Kobe Bar Association (current Hyogo-Ken Bar Association)) (incumbent) | - shares |
| | | Apr. 2004 | Professor of the Law School, Kwansei Gakuin University | |
| | | Jan. 2008 | Director of the Company (incumbent) | |
| | | Apr. 2008 | President of Hyogo-Ken Bar Association | |
| | | Apr. 2011 | Manager of Hyogo District Office, Japan Legal Support Center | |
| | | Apr. 2013 | President of Kinki Federation of Bar Associations | |
| | | Jun. 2014 | Non-member Auditor, Consumers Co-operative Kobe (incumbent) | |
| | | Mar. 2018 | Outside Auditor of Noritz Corporation | |
| | | Apr. 2018 | Vice President of Japan Federation of Bar Associations | |
| | | Mar. 2019 | Director (Audit and Supervisory Committee Member) (Outside) of Noritz Corporation | |
| | | | [Important concurrent positions] Non-member Auditor, Consumers Co-operative Kobe | |
| [Reason for nomination as a candidate for Outside Director and outline of expected role] Ms. Yasuko Masaki has a wealth of experience and deep insight, having worked as a lawyer for many years and held important positions in several bar associations. As Outside Director of the Company, she has provided useful suggestions as a legal expert by utilizing her abundant experience, and also attended the Nomination & Compensation Committee and actively expressed her opinions as a member of it. Based on the above, she is expected to strengthen the corporate governance of the Company by providing findings and proposals on the issues of the Company's overall management, and by providing appropriate involvement and advice as an independent Outside Director and a member of the Nomination & Compensation Committee, which is a voluntary organization. For this reason, we continue to nominate her as a candidate for the position of Outside Director. | | | | |

| Candidate No. | Name [First / Last] (Date of Birth) | Brief Profile, Position and Responsibility at the Company, and Important Concurrent Positions | | No. of Company's Shares Owned |
|--|--|---|---|-------------------------------|
| 3 | <div>Hiromi Yoshikawa</div> <div>(Born on May 13, 1953)</div> <div><div>Reap-pointment</div><div>Outside</div><div>Independ-ent</div></div> | Apr. 1976 Jul. 2001 Jul. 2007 Apr. 2009 Mar. 2017 Sep. 2017 Nov. 2018 Jan. 2021 Feb. 2021 May 2021 | Joined Otsuka Pharmaceutical Co., Ltd. Director of Otsuka Pharmaceutical Co., Ltd. Managing Director of Otsuka Pharmaceutical Co., Ltd. Executive Senior Managing Director of Otsuka Pharmaceutical Factory, Inc. Advisor of Otsuka Pharmaceutical Factory, Inc. Director of MNES Inc. COO and Director of MNES Inc. Director of the Company (incumbent) Advisor of CureApp, Inc. Outside Director of CureApp, Inc. (incumbent) [Important concurrent positions] Outside Director of CureApp, Inc. | - shares |
| | <p>[Reason for nomination as a candidate for Outside Director and outline of expected role]</p> <p>Mr. Hiromi Yoshikawa has held important positions such as director at several companies, and has a wealth of experience and broad insight as a corporate manager in other industries.</p> <p>As an Outside Director, he plays an important role in ensuring the adequacy and appropriateness of management decisions and supervision by the Board of Directors of the Company, and provides useful advice and suggestions based on his extensive experience in corporate management.</p> <p>He is, based on the above, expected to identify issues and make proposals on the Company's overall management, thereby ensuring the Company's sustainable growth, enhancing corporate value, ensuring sound management, and strengthening corporate governance. For this reason, he continues to be a candidate for the position of Outside Director.</p> | | | |
| | 4 | <div>Koichi Ogata</div> <div>(Born on July 8, 1957)</div> <div><div>New Ap-pointment</div><div>Outside</div><div>Independ-ent</div></div> | Apr. 1981 Dec. 2005 Jun. 2012 Apr. 2015 | |
| <p>[Reason for nomination as a candidate for Outside Director and outline of expected role]</p> <p>After working in the product development department of a chemical manufacturer, Mr. Koichi Ogata contributed to the expansion and growth of sales as head of sales and development for the company's overseas bases. Subsequently, as a manager, he worked on structural reforms and business reorganization, achieving improved profitability.</p> <p>Based on the above, he is expected to identify and make proposals regarding management issues by making use of his knowledge and experience gained through the management of a listed company and the B2B manufacturing industry, thereby ensuring the Company's sustainable growth, enhancing corporate value, ensuring sound management, and strengthening corporate governance. For this reason, he is nominated as a candidate for the position of Outside Director.</p> | | | | |

- Notes:
1. There are no special conflicts of interest between the candidates and the Company.
 2. Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa are two (2) candidates for Outside Director. Their terms in office for Outside Director will be eighteen (18) years for Ms. Yasuko Masaki and five (5) years for Mr. Hiromi Yoshikawa at the conclusion of this Annual Meeting of Shareholders. Mr. Koichi Ogata is a new candidate for Outside Director.
 3. Ms. Yasuko Masaki has no previous experience in corporate management other than as an Outside Director or Outside Corporate Auditor. However, as stated above in the “Reason for nomination as a candidate for Outside Director and outline of expected role,” we believe that she will be able to appropriately perform her duties as an Outside Director.
 4. The Company has entered into an agreement with Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the same Act, up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If the two (2) candidates are elected at this Annual Meeting of Shareholders as proposed, said agreement limiting liability will be continued. In addition, if Mr. Koichi Ogata is elected as proposed, we plan to enter into a similar limited liability agreement with him.
 5. The Company has designated Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa as independent officers set forth by the Tokyo Stock Exchange and registered them thereto. If these two (2) candidates are elected as proposed, the Company will continue to register them as Independent Officers with the Tokyo Stock Exchange. Mr. Koichi Ogata fulfills the requirements for an independent officer set by the Tokyo Stock Exchange, and if he is elected as proposed, the Company will register him as an independent officer with the Stock Exchange.
 6. The Company has entered into a Directors and Officers Liability Insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, as described in “3. (4) Outline of the coverage of Directors and Officers Liability Insurance policy, etc.” on page 61 of the Japanese version of the Business Report. If the candidates are elected at this Annual Meeting of Shareholders as proposed, they will be included as insured persons under said insurance policy. In addition, the insurance policy is scheduled to be renewed with the same coverage at the next renewal.

[Reference] Area of Special Expectations for the Company's Directors and Corporate Auditors

Based on the expertise and experience of the Company's Directors and Corporate Auditors, the areas in which the Company expects each of them to excel in particular are listed below and do not represent the full range of knowledge owned by the candidates.

(Plan after the conclusion of Ordinary Annual Meeting of Shareholders)

| Name [First / Last] | Position in the Company | Gender | Nationality | Outside | Nomination & Compensation Committee | Independent Committee * | Area of Particular Expectation | | | | | |
|------------------------|--|--------|-------------|---------|---|-------------------------------|--------------------------------|------------------------|--------------------|-------|---------|-------------------------|
| | | | | | | | Corporate management | Management strategy | Risk management | Legal | Finance | Corporate philosophy |
| Taro Teraura | President and Representative Director | Male | Japan | | • | | • | • | | | | • |
| Yasuko Masaki | Director | Female | Japan | • | • | • | | | • | • | | |
| Hiromi Yoshikawa | Director | Male | Japan | • | • | • | • | | • | | • | |
| Koichi Ogata | Director | Male | Japan | • | • | • | • | • | • | | | |
| Koichi Matsumoto | Full-time Corporate Auditor | Male | Japan | | | | | | | • | • | |
| Takashi Ueda | Corporate Auditor | Male | Japan | • | | • | | | • | | • | |
| Kenryo Goto | Corporate Auditor | Male | Japan | • | | • | | | • | | • | |

* Voluntarily established under the Response Policy on Large-scale Purchases, etc. of the Company's shares (Takeover Response Policy).

Item No. 3: Continuation of the Response Policy on Large-scale Purchases, etc. of the Company's Shares (Takeover Response Policy)

With approval of our shareholders at the 79th Ordinary Annual Meeting of Shareholders held on January 28, 2023, the Company has continued to introduce the Response Policy on Large-scale Purchases, etc. of the Company's Shares (hereinafter referred to as the "Former Plan").

Since the effective period of the Former Plan is until the conclusion of the 82nd Ordinary Annual Meeting of Shareholders of the Company scheduled to be held on January 24, 2026 (hereinafter referred to as the "Ordinary Annual Meeting of Shareholders"), the Board of Directors of the Company has been carefully considering the continuation of the Former Plan, including the pros and cons of its continuation, in light of changes in social and economic conditions, amendments to laws and regulations, etc., even after the Former Plan was introduced.

As a result, at the Board of Directors meeting held on December 12, 2025, the Company decided to partially amend the Former Plan (the amended response policy is hereinafter referred to as the "Plan") and continue the Plan on condition of approval of shareholders at this Ordinary Annual Meeting of Shareholders.

The Plan has been unanimously approved by three (3) Directors of the Company, including two (2) Outside Directors, and three (3) Corporate Auditors of the Company, including two (2) Outside Corporate Auditors.

At present, there is no evidence that the Company has received any specific proposal from a third party for Large-scale Purchases, etc. of the Company's Share certificates, etc.

The Board of Directors of the Company believes that it is appropriate to broadly reflect the opinions of shareholders with respect to the Plan, and therefore, the introduction of the Plan is conditional on approval of this Proposal by a majority of the voting rights of the shareholders.

Details of the Plan shall be as follows.

1. Efforts to ensure and enhance the Company's corporate value and the common interests of shareholders

- (1) Source of our corporate value

The source of our corporate value is the following:

- [1] Since our founding in 1946, we have devoted our heart and soul to control cables, and as a leading company in the industry, we have cultivated over the years our manufacturing technology and know-how for high-quality cables. Based on this technology, we have gained the ability to develop system products such as door modules and window regulators, and have pioneered electronic control technologies to evolve into a systems supplier. Our global production and sales network has earned us a high level of trust from our customers (especially automobile manufacturers) and suppliers.
 - [2] We have inherited the ideal of the founder "to contribute to society through our work" and "to develop worthy human beings through our work," and we have built a solid, fair and impartial corporate culture based on our motto, "Good Quality, Low Cost, Prompt Delivery," and our management creed, "Integrity, Harmony, Unwavering Spirit, and Service" as a means of realizing it. We do this with the strong relationships of trust with customers, suppliers and society that we have gained through our concerted efforts to meet the demands of

society, based on the solid relationship of trust between management and employees.

- [3] We have a sound financial structure that can withstand and support us in the event of unforeseen economic fluctuations, and this structure is essential to further enhance these relationships of trust and confidence, maintain and improve stable returns to shareholders, and maintain and grow our product development capabilities and core technologies. It also helps us to realize the medium- to long-term vision and make capital investments necessary for medium- to long-term product development plans.

We believe that the source of our corporate value, leading to the maximization of shareholder value, is to be trusted and supported as a “safe and reliable company” by all stakeholders, including shareholders, customers, suppliers, employees, and society, and to continue to create value together over the medium to long term.

(2) Medium-term management plan

In order to maximize corporate value, the Japan Automobile Business, Global Automobile Business, Medical Business Department, and Business Development Department have each formulated a Vision 2030 (medium-term management plan), which is reviewed annually and implemented on a rolling basis.

The economic environment surrounding the Group continues to be uncertain and unclear due to factors such as trends in U.S. trade policy, exchange rate fluctuations, and the outlook for the Chinese economy.

In the automobile industry, despite a temporary slowdown in the shift to EVs, the electrification of automobiles is steadily progressing, and demand for control cables, our main product, has peaked. While control cables currently account for about a quarter of our consolidated net sales, the percentage of door-related components, such as window regulators and door modules, has increased to nearly two-thirds, resulting in a significant change in the product mix.

To respond to these changes in the business environment and with the aim of becoming the world’s top supplier of automobile door closure system products and module products, we welcomed Hi-Lex ACT (formerly Mitsui Kinzoku ACT), which has unique technologies and brands including door latches and power sliding doors, into the Group on November 4, 2025, and will address the following four key issues.

[I] Creating new “added value”

To become a leading supplier in new fields, it is essential that we develop new products that exceed our customers’ expectations. With the aim of creating new added value, we have formed a cross-organizational team to fuse and develop the technological capabilities that the HI-LEX Group and Hi-Lex ACT have each cultivated to date, and are working to formulate guidelines for short- and medium-term initiatives as well as a long-term vision.

[II] Pursuing “profit” as the source of capital for challenges

We will thoroughly pursue synergies that will arise from the addition of Hi-Lex ACT to the Group in order to improve profitability. Particular emphasis will be

placed on the in-house production of parts by effectively utilizing the production facilities of both companies, reducing procurement costs through joint purchasing, and optimally integrating the logistics networks that the two companies have individually established. In addition, in order to improve the profit margin of mature products (control cables, window regulators, etc.), which face severe competition, we will focus on cost reduction activities through equipment automation and the digital transformation of factories (hereinafter referred to as “DX”). This will generate profit (capital) that will allow us to continue to work toward being a vibrant 100-year company.

[III] Improving our level of “proposal capabilities”

The Group’s mission statement is “To be the First-Call Company,” aiming to be the first company our customers call when they have a problem, and the first to offer solutions. To raise the level of our proposal capabilities, we will focus on “front-loading,” gaining a deep understanding of our customers’ business strategies and development trends and preparing proposals before they call on us.

[IV] Promoting investment in “human capital”

Through collaborative projects with Hi-Lex ACT, we are building an operating structure that will enable employees to engage in friendly competition and grow. In particular, we actively appoint young and female employees as leaders, and promote human resource development that emphasizes diversity and the willingness to take on challenges.

Furthermore, by promoting DX with the automation of factories and the advanced digitalization of business processes, we will create an environment where employees can focus on higher added-value work. We are also working on the use of AI and other cutting-edge technologies not only to improve operational efficiency, but also to encourage each employee to improve their ability to make proposals and decisions.

In addition, we are actively working to strengthen our global human capital and create a system in which a diverse range of human resources from around the world can demonstrate their proposal capabilities. Through these efforts, we will promote investment in human resources capable of planning and implementing measures to improve profitability, with the aim of achieving sustainable growth and increasing corporate value.

(3) Strengthening of corporate governance mechanism

The Company has traditionally placed the strengthening of corporate governance as an important issue, being an essential mechanism for enhancing corporate value and the common interests of shareholders. While the Company already has two (2) out of three (3) Directors who are independent, and the majority of the Board of Directors is composed of Outside Directors, we will add one more Outside Director this year to further strengthen governance. In addition, two (2) of the three (3) Corporate Auditors are independent Outside Corporate Auditors. The Company has reported all of these outside officers as independent officers to the Tokyo Stock Exchange.

The Company introduced the executive officer system in January 2001 to reduce the number of Directors and to strengthen the structure that enables prompt and flexible business execution and monitors business execution while separating management decision-making and business execution.

In addition, the term of office of Directors has been set at one year in order to clarify the responsibility of management to shareholders.

Since the Company's fiscal year ends on the last day of October and the Ordinary Annual Meeting of Shareholders is usually held in late January, there is no risk that the concentrated holding of general meetings of shareholders will lead to making them a formality. In addition, it is our custom to hold the Annual Meeting of Shareholders on Saturdays so that as many shareholders as possible can attend the meeting to ensure its proper functioning.

The Company is committed to implementing the above measures to ensure and enhance corporate value, and, as a consequence, the common interests of our shareholders.

2. Purpose of the introduction of the Plan

- (1) Since the Company is a listed company, our shares should be traded freely in the market, and even a large-scale purchase of the Company's shares by a specific party is not to be denied if it leads to the enhancement of the Company's corporate value and, as a consequence, the common interests of our shareholders. In addition, the decision on whether or not to accept a purchase of the Company's shares that involves a transfer of control of the Company should ultimately be left to the judgment of the Company's shareholders.

However, there are several types of large-scale purchases that are contrary to the corporate value of the Company and the common interests of our shareholders. These include those that clearly infringe upon corporate value and the common interests of shareholders in terms of their purpose, etc., those that effectively force shareholders to sell their shares, those that do not provide sufficient information or time for consideration for the Board of Directors to present an alternative proposal, those that do not provide shareholders with sufficient time and information for consideration, and those that require the Company to negotiate with Offerors, etc. to bring about more favorable terms than those presented by Offerors, etc.

In order for shareholders to make an appropriate decision on whether or not to accept a purchase of the Company's shares that would involve a transfer of control of the Company, it is essential that sufficient information be provided by Offerors, etc. and the Board of Directors of the Company, etc., as well as sufficient time for shareholders to consider the matter. For shareholders who intend to continue to hold the Company's shares without selling them, the content of management policies and business plans, including the intention of Offerors, etc. toward the Company's customers, business partners, local communities, employees and other stakeholders, are also important factors in considering whether to continue to hold the Company's shares. If we are unable to prevent such abusive purchases from taking place, it will lead to an outflow of excellent employees who support our manufacturing technology, which is one of our strengths, and we will lose the strong trust of our

customers, business partners, and society, which may have a significant impact on the execution of our “Efforts to ensure and enhance the Company’s corporate value and the common interests of shareholders” in 1. above.

Therefore, the Company will collect and provide information necessary for the shareholders, who will make a final decision on whether to accept the large-scale purchase, etc., so that they can make an appropriate judgment. The Company will make it possible for them to assess and examine whether the management policy of the Company after the acquisition as intended by Offerors, etc. will contribute to the improvement of the corporate value of the Company and the common interests of shareholders. If, as a result of such assessment and examination, it is determined that the purchase is detrimental to the common interests of the Company’s shareholders and our corporate value, we believe it is necessary to negotiate with Offerors, etc. to improve the details of the large-scale purchase proposal and, if necessary, to take countermeasures.

Based on this basic approach, the Company has decided to continue to introduce the Plan, believing that it will contribute to the common interests of the Company’s shareholders and securing and enhancing the Company’s corporate value if Large-scale Purchases, etc. are carried out in accordance with certain reasonable rules.

- (2) The Company’s shareholders as of October 31, 2025 are listed in Exhibit 1, “Status of the Company’s Shareholders.”

Also, the Plan proposed by the Company does not seek to eliminate all acts of acquiring the Company, but only to ensure that a person who intends to make an acquisition provides shareholders with sufficient information on the terms of acquisition, etc., as well as to ensure the opportunity and time for sincere and earnest negotiations with the Board of Directors of the Company. As a result, the Plan will lead to optimal results from the perspective of ensuring and enhancing the common interests of shareholders and our corporate value. Furthermore, the Company believes the establishment of such rules in advance and the transparency of takeover procedures will ensure the foreseeability of Offerors, etc., and prevent attrition effects on Large-scale Purchases, etc., which would benefit the Company and its shareholders, compared to the case where such rules are not established.

3. Contents of the Plan

(1) Procedures set forth in the Plan

[1] Scope of Large-scale Purchases, etc.

The Plan shall apply to the Large-scale Purchases, etc. set forth in this paragraph. In this Plan, “Large-scale Purchases, etc.” shall mean any act falling under (i), (ii) or (iii) below, or any similar act (including a proposal (Note 1) thereof), for which the consent of the Board of Directors of the Company has not been obtained.

- (i) Acts of purchasing the Company’s Share certificates, etc. (Note 4) with the purpose of increasing the Voting Rights Proportion (Note 3) of a specific shareholder group (Note 2) to 20% or more, regardless of the specific purchase method, such as market transactions, tender offers, etc.;

- Note 1: Including soliciting a third party to make Large-scale Purchases, etc.
- Note 2: “Specific shareholder group” shall mean [1] the holders (as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including those included as holders pursuant to Paragraph 3 of the same Article; the same shall apply hereinafter) of the Share certificates, etc. of the Company (as defined in Article 27-23, Paragraph 1 of the same Act) and their joint holders (as defined in Article 27-23, Paragraph 5 of the same Act, including those deemed to be a joint holder pursuant to Paragraph 6 of the same Article; the same shall apply hereinafter); [2] persons purchasing, etc. (as defined in Article 27-2, Paragraph 1 of the same Act, including those conducted in the stock exchange securities market) Share certificates, etc. of the Company (as defined in Article 27-2, Paragraph 1 of the same Act) and Persons in a Special Relationship (as defined in Article 27-2, Paragraph 7 of the same Act; the same shall apply hereinafter); [3] parties related to those in [1] or [2] above (a group consisting of investment banks, securities firms, and other financial institutions that have executed financial advisory agreements with these parties, other parties that share substantial interests with these parties, tender offer agents, attorneys, accountants, and other advisors, or other parties that are reasonably considered by the Company’s Board of Directors to be substantially controlled by these parties or to act jointly or in concert with these parties); and [4] persons who acquired the Company’s Share certificates, etc. from parties falling under [1] through [4] above by way of an off-market relative transaction or an off-floor transaction (ToSTNeT-1) on the Tokyo Stock Exchange (those falling under [3] or [4] above are hereinafter collectively referred to as “Related Parties”). In the event of any amendment to any of the laws and regulations cited in this Plan (including changes to the name of a law or the enactment of a new law succeeding an old law), the provisions of the laws and regulations cited in this Plan shall be read as if it were a provision of the laws and regulations that substantially succeeds the provisions of those laws after such amendment, unless otherwise determined by the Board of Directors of the Company.
- Note 3: “Voting Rights Proportion” shall mean, depending on the specific purchase method of the specific shareholder group, [1] if the specific shareholder group is a holder or a joint holder of Share certificates, etc. of the Company (Share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act), the holding ratio of Share certificates, etc. of such a holder (defined in Article 27-23, Paragraph 4 of the same Act. In this case, the number of Share certificates, etc. held by the joint holders of such holders (the number of Share certificates, etc. held as provided in the same paragraph) shall be considered in the calculation); or [2] if the specific shareholder group is a person who intends to make the purchase, etc. (prescribed in Article 27-2, Paragraph 1 of the same Act, including

purchases conducted in a securities market on a stock exchange) of our Company's Share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the same Act) and their Persons in a Special Relationship, it shall mean the total proportion of Share certificates, etc. held by the person who intends to make the purchase, etc. and their Persons in a Special Relationship (as defined in Article 27-2, Paragraph 8 of the same Act). For the purpose of calculating such holdings or ownership ratio of Share certificates, etc., (i) a joint holder or Persons in a Special Relationship with the person who intends to make the purchase, and (ii) Related Parties to the person who intends to make the purchase, their joint holder or Persons in a Special Relationship shall be deemed to be joint holders or Persons in a Special Relationship with the person who intends to make the purchase under this Plan. In calculating the holding ratio of Share certificates, etc., the total number of issued shares (defined in Article 27-23, Paragraph 4 of the same Act) and the total number of voting rights (as defined in Article 27-2, Paragraph 8 of the same Act) may be determined by referencing the most recently submitted Annual Securities Report, semi-annual report, or treasury share buyback report. The same shall apply hereinafter.

Note 4: "Share certificates, etc." shall be as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act or Article 27-2, Paragraph 1 of the same Act. The same shall apply throughout this document unless otherwise specified.

(ii) Acts of purchasing our Company's Share certificates, etc. that would result in the specific shareholder group holding 20% or more of the voting rights (regardless of the specific purchase method, such as market transactions, tender offers, etc.);

Or

(iii) Regardless of conducting each of the acts set forth in (i) or (ii) above, acts by a specific shareholder of the Company with other shareholders of the Company (including cases where there are multiple shareholders; the same shall apply hereinafter in (iii)), and any agreement or other acts that would result in such other shareholders becoming joint holders of the specific shareholder; or any acts that establish a relationship (Note 5) between such specific shareholder and such other shareholder(s) in which one substantially controls the other or in which they act jointly or in cooperation (Note 6); provided, however, that if the total shareholding ratio of specific shareholder group to which such Specified Shareholders belong and such other shareholders with respect to Share certificates, etc. issued by the Company is 20% or more.

The person who makes or proposes Large-scale Purchases, etc. shall be referred to as "Offerors, etc." Offerors, etc. shall comply with the following procedures set forth in advance in the Plan.

Note 5: Such judgment shall be made based on the Criteria for Recognition of Acts of Joint Coordination, etc. (Exhibit 2. However, the Independent Committee may revise such criteria to a reasonable extent in light of amendments to laws and regulations or trends in court precedents, etc.).

Note 6: The Company's Board of Directors shall make a reasonable judgment as to whether or not the acts described in (iii) above have been committed (In making such judgment, the recommendation of the Independent Committee shall be respected to the maximum extent possible). The Company's Board of Directors may request the Company's shareholders to provide information necessary to the extent needed to determine the applicability of the requirements specified in (iii) above.

[2] Prior submission of Letter of Intent to our Company

Prior to the execution of Large-scale Purchases, etc., Offerors, etc. shall submit to the Company's Board of Directors a written pledge to the effect that Offerors, etc. will comply with the procedures set forth in this Plan in connection with the Large-scale Purchases, etc. (hereinafter the "Letter of Intent").

Specifically, the following items must be included in the Letter of Intent.

- (i) Overview of Offerors, etc.
 - a. Name and address or location
 - b. Names and positions of Representatives, Directors (or equivalent position; the same shall apply hereinafter), and Corporate Auditors (or equivalent position; the same shall apply hereinafter), respectively, and their brief profiles for the past ten (10) years
 - c. Purpose and business of the Company, etc.
 - d. Overview of major direct and indirect shareholders or major investors (top 10 shareholders in terms of share or investment proportion) and ultimate beneficial controlling shareholder (investor)
 - e. Contact in Japan
 - f. Governing law of establishment
 - g. Names, head office locations, and business activities of major investees, as well as the percentage of shareholding or equity participation in such major investees
- (ii) Overview of specific shareholder group other than Offerors, etc.
 - a. Name and address or location
 - b. Names and positions of Representatives, Directors (or equivalent position; the same shall apply hereinafter), and Corporate Auditors (or equivalent position; the same shall apply hereinafter), respectively, and their brief profiles for the past ten (10) years
 - c. Purpose and business of the Company, etc.
 - d. Overview of major direct and indirect shareholders or major investors (top 10 shareholders in terms of share or investment proportion) and ultimate beneficial controlling shareholder (investor)
 - e. Contact in Japan

- f. Governing law of establishment
- g. Names, head office locations, and business activities of major investees, as well as the percentage of shareholding or equity participation in such major investees
- (iii) The number of Share certificates, etc. of the Company currently held by Offerors, etc. and the trading status of the Share certificates, etc. of the Company by Offerors, etc. for the sixty (60) day period prior to the submission of the Letter of Intent
- (iv) The purpose of Large-scale Purchases, etc. proposed by Offerors, etc. (including the purpose of Large-scale Purchases, etc. (if there are any other purposes, such as acquisition of control or participation in management, net investment or strategic investment, transfer of the Company's Share certificates, etc. to a third party after Large-scale Purchases, etc., or act of making a material proposal, etc. (Note 7), please state and describe them; if there is more than one purpose, please state all of them)).

Note 7: It shall refer to acts that constitute the making of important suggestions as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

- (v) The method and details of Large-scale Purchases, etc. proposed by Offerors, etc. (including the class and number of Share certificates, etc. of the Company to be acquired by Offerors, etc. through Large-scale Purchases, etc., the price and class of consideration and the timing of Large-scale Purchases, etc., the structure of related transactions, the legality of the method and the probability of execution of the Large-scale Purchases, etc.)
- (vi) Pledge to comply with the procedures set forth in the Plan

[3] Provision of "Required Information"

If the Letter of Intent described in [2] above is submitted, Offerors, etc. are requested to provide the Company with necessary and sufficient information in Japanese for the shareholders to make a decision on the Large-scale Purchases, etc. (hereinafter "Required Information") in accordance with the following procedures.

First, the Company will send the "Information List" containing the information to be initially submitted to the domestic contact indicated in [2] (i) (e) above to Offerors, etc. within ten (10) business days (Note 8) (not counting the first day) from the date of submission of the Letter of Intent. Offerors, etc. are requested to submit sufficient information to the Company in accordance with the Information List.

Note 8: A business day shall mean a day other than the days listed in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. The same shall apply hereinafter.

If the Board of Directors of the Company reasonably determines that the information is insufficient for the shareholders' decision-making and the assessment and consideration of the Board of Directors of the Company in light of the content and state of the Required Information, the Board of Directors of the Company may request additional information from Offerors, etc. until the Company has the necessary and sufficient Required Information. In principle, the Required Information must be provided within sixty (60) days (not counting the first day) after the above Information List is delivered by the Board of Directors of the Company to Offerors, etc. (hereinafter the "Information Provision Period"). However, since the specific content of Required Information may vary depending on the content and size of Large-scale Purchases, etc., the Board of Directors of the Company may extend the Information Provision Period for up to thirty (30) days based on the recommendation of the Independent Committee, considering the content and size of Large-scale Purchases, etc. and the specific provision of the Required Information. The Company's Board of Directors shall judge whether the Required Information submitted by Offerors, etc. is sufficient, whether the content and scope of the Required Information requested by the Company's Board of Directors are appropriate, and whether to extend the Information Provision Period in accordance with the recommendation of the Independent Committee; provided, however, that this shall not apply to cases where it is determined that following the recommendation may be in violation of the Directors' duty of care. Notwithstanding the content and state of Large-scale Purchases, etc., information regarding each of the following items shall in principle be included as part of the Information List.

- (i) Details of each member of the specific shareholder group, where members shall mean major shareholders or investors (whether directly or indirectly; the same shall apply hereinafter), significant subsidiaries and affiliates, joint holders, and Persons in a Special Relationship, and in the case of a fund or an entity related to its investment (whether incorporated under the laws of Japan or abroad, regardless of the legal form; hereinafter referred to as the "Fund, etc."), or if there is a Fund, etc. substantially controlled or managed by the Offerors, etc., its major union members, investors or other constituent members, or persons who continuously provide advice regarding investment (the same shall apply hereinafter; where details shall mean history, specific name, address, governing law of incorporation, capital structure, investee, proportion of investment in the investee, nature of business, financial condition, details of investment policy, details of investment and financing activities within the past ten (10) years, whether the company is a "foreign investor" as defined in Article 26, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the "Foreign Exchange Act") and the information on which this is based, as well as the names of officers, their profiles for the past ten (10) years, and whether or not they have committed any acts in violation of laws and ordinances in the past (and a summary thereof, if any)

- (ii) Specific details of the internal control systems of each member of the specific shareholder group (including the group's internal control system), whether or not such systems are effective, and the status of effectiveness of such systems
- (iii) Purpose (details of the purpose disclosed in the Letter of Intent), method and details of Large-scale Purchases, etc. (This includes if there is any intent to participate in the management of the Company, the class and number of Share certificates, etc. of the Company to be acquired, price and class of consideration and timing of the Large-scale Purchases, etc., structure of related transactions, ownership ratio of Share certificates, etc. after the Large-scale Purchases, etc., legality of the method of Large-scale Purchases, etc., and probability of the implementation of Large-scale Purchases, etc. and related transactions (if the Large-scale Purchases, etc. are subject to certain conditions, the details of such conditions), as well as the Company's shareholding policy after the completion of Large-scale Purchases, etc., and if the Company's Share certificates, etc. are likely to be delisted, a statement to that effect and the reasons therefor; with respect to the legality of Large-scale Purchases, etc., a written opinion by an attorney at law shall also be submitted.)
- (iv) Basis and background for calculating the consideration for the Large-scale Purchases, etc. (This includes the premise for calculation, assumptions, calculation method, numerical data used in the calculation, details of synergies and dis-synergies expected to arise from the series of transactions related to the Large-scale Purchases, etc., the name and information of a third party if a third party's opinion was heard in the calculation, an outline of the opinion, and the circumstances leading to the determination of the amount based on the opinion.)
- (v) The financial backing of the Large-scale Purchases, etc. (This includes the specific name of the provider of the funds (including any substantial providers, whether directly or indirectly), the method of procurement, presence or absence and details of any conditions under which the funds are to be executed, presence or absence and details of any collateral or pledges after the funds are provided, and the specific details of any related transactions.)
- (vi) Whether or not there is any communication of intent with a third party in connection with the Large-scale Purchases, etc. (including any communication of intent to make a material proposal, etc. to the Company; the same shall apply hereinafter), and if there is such communication, the specific form and details of such communication, as well as a brief description of said third party
- (vii) Holding status of Share certificates, etc. of the Company, holding and contract status of derivatives and other financial derivative instruments whose underlying assets are Share certificates, etc. of the Company or assets related to the business of the Company or our Company Group, and lending, borrowing and short selling of Share certificates, etc. of the Company by the specific shareholder group

- (viii) If there is a loan agreement, security agreement, repurchase agreement, reservation of sale or purchase, or other material agreement or arrangement (hereinafter “Collateral Agreements, etc.”) with respect to the Share certificates, etc. of the Company already held by the specific shareholder group, the concrete details of such Collateral Agreements, etc., including the type of agreement, counterparties to the agreement, and the quantity of the Company’s Share certificates, etc. subject to the agreement
 - (ix) If the specific shareholder group plans to enter into Collateral Agreements, etc. or other agreements with third parties with respect to the Share certificates, etc. of the Company that it will hold after the Large-scale Purchases, etc. (including Share certificates, etc. of the Company already held), the concrete details of such agreements, including the type of agreement, counterparties to the agreement, and the quantity of the Company’s Share certificates, etc. subject to the agreement
 - (x) Management policies of the Company and our Company Group after the Large-scale Purchases, etc., brief profiles and other detailed information on potential officers to be dispatched after the Large-scale Purchases, etc. (including information regarding knowledge and experience in the same type of business as that of the Company and our Company Group), business plans, financial plans, capital plans, investment plans, and capital and dividend policies (including plans for the sale, offering as collateral, or other disposition of the assets of the Company and our Company Group after the Large-scale Purchases, etc.)
 - (xi) Policy for the treatment, etc. of the officers, employees, labor unions, business partners, customers, local communities, and other stakeholders of the Company and our Company Group after the Large-scale Purchases, etc.
 - (xii) Specific measures to avoid conflicts of interest with the Company’s other shareholders
 - (xiii) A document pledging that the Offerors, etc. do not fall under the category of abusive acquirers (defined in (2) [2] below)
 - (xiv) Regulatory matters under the Foreign Exchange Act and other domestic and overseas laws and ordinances that may be applicable to the Large-scale Purchases, etc., and the possibility of obtaining approvals or permits under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Foreign Exchange Act, and other laws and ordinances to be obtained from domestic or overseas governments or third parties (In addition, these matters should be accompanied by a written opinion from a qualified attorney in the relevant jurisdiction.)
 - (xv) Possibilities of maintaining the necessary permits and approvals under domestic and overseas laws, etc., and compliance with domestic and overseas laws, etc., with respect to the management of our Company Group after the Large-scale Purchases, etc.
 - (xvi) Any relationship with antisocial forces or terrorist organizations, and if there is, the details of such relationships, whether directly or indirectly
- The Company’s Board of Directors will disclose the fact that the Large-scale Purchases, etc. have been proposed by Offerors, etc. and an outline thereof, an

outline of Required Information, and any other information deemed necessary for the shareholders to make a decision at the time it deems appropriate.

In addition, recognizing that the proposal of Required Information by Offerors, etc. has been sufficiently made, the Board of Directors of the Company shall notify Offerors, etc. of such fact (hereinafter the “Completion Notice of Information Provision”) and disclose such information promptly.

[4] Establishment of the Board of Directors’ Assessment Period, etc.

After the Company’s Board of Directors issues the Completion Notice of Information Provision, the Company’s Board of Directors may, depending on the difficulty level of assessing the Large-scale Purchases, etc. and other factors, set the following period (i) or (ii) (not counting the first day of either period) for the Company’s Board of Directors to assess, review, negotiate, form opinions and develop alternative plans (hereinafter the “Board of Directors’ Assessment Period”).

(i) Sixty (60) days in the case of a tender offer for all the Company’s Share certificates, etc., through a tender offer in which the consideration is made in cash (yen value) only

(ii) Ninety (90) days in the case of other Large-scale Purchases, etc.

The Board of Directors of the Company shall, within the Board of Directors’ Assessment Period, fully assess and review the Required Information provided by Offerors, etc., obtain advice from outside experts, etc., as necessary and appropriate, and examine the contents of the Large-scale Purchases, etc. by Offerors, etc. from the perspective of securing and enhancing the Company’s corporate value and the common interests of shareholders. The Board of Directors of the Company shall carefully formulate an opinion regarding the Large-scale Purchases, etc. through these examinations, etc., notify Offerors, etc., and disclose such opinions to shareholders in a timely and appropriate manner. In addition, the Company shall, if necessary, negotiate with Offerors, etc. on the terms and methods of the Large-scale Purchases, etc., and the Company’s Board of Directors may also present alternative proposals to the shareholders.

[5] Prohibition of Large-scale Purchases, etc. prior to the expiration of the Board of Directors’ Assessment Period

Offerors, etc. shall not conduct the Large-scale Purchases, etc. prior to the above expiration of the Board of Directors’ Assessment Period.

(2) Measures to be taken in the event of Large-scale Purchases, etc.

[1] If Offerors, etc. do not comply with the procedures set forth in this Plan

If the procedures stipulated in the Plan are not complied with by Offerors, etc., regardless of the specific method of purchase, the Board of Directors of the Company may implement countermeasures such as the gratis allotment of stock acquisition rights for the purpose of protecting the corporate value of the Company and, as a consequence, the common interests of shareholders. The Board of Directors of the Company shall determine whether Offerors, etc. have

complied with the procedures set forth in this Plan, the appropriateness of activating the countermeasures, and the content of such countermeasures in the event of activation, by referring to the opinions of outside experts, etc. and in accordance with the recommendations of the Independent Committee; provided, however, that this shall not apply to cases where it is determined that following the recommendation may be in violation of the Directors' duty of care.

With respect to specific countermeasures, the Company will select those that are deemed appropriate at the time among the gratis allotment of stock acquisition rights and other measures permitted by laws and regulations and the Articles of Incorporation of the Company. An outline of the implementation of gratis allotment of stock acquisition rights as a specific countermeasure is set forth in Exhibit 3, "Outline of the Gratis Allotment of Stock Acquisition Rights." In the actual implementation of gratis allotment of stock acquisition rights, the exercise period and conditions may be set in consideration of the effect as a countermeasure, such as making it a condition for exercising stock acquisition rights that a person is not a member of the specific shareholder group or intending to become a member of the specific shareholder group (hereinafter collectively referred to as "Non-qualified Persons").

[2] If Offerors, etc. comply with the procedures set forth in this Plan

If Offerors, etc. comply with the procedures set forth in this Plan, the Board of Directors of the Company will only persuade the shareholders by expressing its opposition to the purchase proposal or by presenting an alternative proposal, and will not take countermeasures for Large-scale Purchases, etc. In this case, whether or not to accept the purchase proposal of the Offerors, etc. shall be determined by the shareholders, considering the purchase proposal as well as the opinions and alternative plans for said purchase proposal presented by the Board of Directors of the Company.

However, if Large-scale Purchases, etc. are likely to damage the Company's corporate value and, as a consequence, the common interests of shareholders due to any of the acts, etc. listed in Exhibit 4 "Types of Acts Considered to Significantly Damage the Company's Corporate Value and Common Interests of Shareholders" (persons falling under these categories are collectively referred to as "abusive acquirers" in this document), and if the Board of Directors of the Company determines that it is reasonable to implement countermeasures, the Board of Directors of the Company may, exceptionally, implement a gratis allotment of stock acquisition rights or other measures permitted by law or the Company's Articles of Incorporation. Provided, however, that the Company does not intend to deliver any money as consideration for the acquisition of stock acquisition rights held by Offerors, etc. in such cases.

With respect to specific countermeasures, the Company will select those that are deemed appropriate at the time among the gratis allotment of stock acquisition rights and other measures permitted by laws and regulations and the Articles of Incorporation of the Company. Outline of the implementation of

gratis allotment of stock acquisition rights as a specific countermeasure is set forth in Exhibit 3, “Outline of the Gratis Allotment of Stock Acquisition Rights.” In the actual implementation of gratis allotment of stock acquisition rights, the exercise period and conditions may be set in consideration of the effect as a countermeasure, such as making it a condition that stock acquisition rights may not be exercised by Non-qualified Persons.

In order to ensure the objectivity and reasonableness of the decision to implement countermeasures, the Board of Directors of the Company shall, based on the Required Information provided by Offerors, etc., and with the advice of outside experts, consider the specific shareholder group, the details of the Large-scale Purchases, etc., and the impact of the Large-scale Purchases, etc. on the overall interests of the shareholders, and make a decision in accordance with the recommendation of the Independent Committee; provided, however, that this shall not apply to cases where it is determined that following the recommendation may be in violation of the Directors’ duty of care.

In addition, of the acts, etc. listed in Exhibit 4 “Types of Acts Considered to Significantly Damage the Company’s Corporate Value and Common Interests of Shareholders,” if it does not fall under any of the five types of anti-takeover measures, namely the “Four High Court Types” (1.–4. of Exhibit 4) or a coercive two-tier tender offer (5. of Exhibit 4), a resolution of the Annual Meeting of Shareholders must be passed.

(3) Establishment of the Independent Committee

The Board of Directors of the Company shall make a final decision as to whether the procedures set forth in this Plan have been complied with or not, and even if the Procedures have been complied with, whether to take countermeasures on the grounds that Large-scale Purchases, etc. are significantly damaging the corporate value of the Company and the common interests of shareholders. In order to operate the Plan properly, prevent the Company’s Board of Directors from making arbitrary decisions, and ensure the reasonableness and fairness of those decisions, the Company shall establish an Independent Committee in accordance with Exhibit 5 “Independent Committee Rules” as in the Former Plan. The Independent Committee shall have three or more members, and to ensure fair and neutral judgments, the committee members will be selected from Outside Directors and Outside Corporate Auditors who are independent of the management team that executes the Company’s business. Please refer to Exhibit 6 for the brief profiles of Outside Directors Ms. Yasuko Masaki and Mr. Hiromi Yoshikawa, a candidate for Outside Director Mr. Koichi Ogata, and Outside Corporate Auditors Mr. Takashi Ueda and Mr. Kenryo Goto, who are all candidate members of the Independent Committee.

In order to ensure that the decisions of the Independent Committee are made in a manner that contributes to the corporate value of the Company and the common interests of shareholders, the Independent Committee may obtain advice from independent outside experts (financial advisors), certified public accountants, lawyers, consultants and other specialists as necessary at the expense of the Company.

(4) Procedure for Confirmation of Shareholder Intent

In activating countermeasures for Large-scale Purchases, etc., the Board of Directors of the Company may, for the purpose of respecting the intentions of shareholders, upon receiving the recommendation of the Independent Committee, request that the shareholders determine whether or not to invoke the countermeasures or the conditions thereof for the Large-scale Purchases, etc. In addition, as stated in (2) [2] above, if the Offerors, etc. comply with the procedures set forth in this Plan and if the acts, etc. listed in Exhibit 4 “Types of Acts Considered to Significantly Damage the Company’s Corporate Value and Common Interests of Shareholders,” do not fall under any of the five types of anti-takeover measures, namely the “Four High Court Types” (1.–4. of Exhibit 4) or the coercive two-tier tender offer (5. of Exhibit 4), a resolution of the Annual Meeting of Shareholders must be passed.

Confirmation of the intent of shareholders shall be made by a resolution adopted at an Annual Meeting of Shareholders or similar procedure under the Companies Act (hereinafter the “Procedure for Confirmation of Shareholder Intent”). If the Procedure for Confirmation of Shareholder Intent is carried out, the Board of Directors of the Company shall, in accordance with the resolution of the Procedure for Confirmation of Shareholder Intent, activate or not activate countermeasures against the proposal of Large-scale Purchases, etc.

The Board of Directors of the Company shall give public notice in the manner prescribed in the Articles of Incorporation of the Company at least two (2) weeks prior to the record date (hereinafter the “Record Date”) set by the Board of Directors of the Company to determine the shareholders who may exercise their voting rights in the Procedure for Confirmation of Shareholder Intent.

Shareholders entitled to exercise their voting rights under the Procedure for Confirmation of Shareholder Intent shall be, in principle, those registered or recorded in the Company’s final register of shareholders as of the Record Date (Note 9). In addition, in the case of the Procedure for Confirmation of Shareholder Intent, the Company shall send a notice of convocation to shareholders who are entitled to exercise their voting rights no later than two (2) weeks prior to the date of the Procedure for Confirmation of Shareholder Intent.

The Board of Directors of the Company may, in the event of any material change in the information for shareholders to make a decision by the Procedure for Confirmation of Shareholder Intent, change the Record Date or postpone or cancel the Procedure for Confirmation of Shareholder Intent even after the Record Date has been set.

Note 9: In the Procedure for Confirmation of Shareholder Intent, in principle, shareholder intent shall be confirmed by an ordinary resolution; however, taking into consideration all circumstances, including the purpose, method, and content of the Large-scale Purchases, etc., as well as the possibility of a conflict of interest between the Offerors, etc. and the general shareholders, any person who is deemed by the Offerors, etc. or the Independent Committee to have a special interest in relation to the Offerors, etc. in relation to the proposal may be excluded from the calculation of the requirements for approval.

(5) Procedures for activating countermeasures

Under the Plan, as described in (2) [1] above, countermeasures may be triggered if Offerors, etc. do not comply with the procedures set forth in the Plan, and as stated in (2) [2] above, the Company has established an objective requirement for not triggering countermeasures in the event of Large-scale Purchases, etc., in principle, if Offerors, etc. comply with the procedures stipulated in this Plan. However, in triggering countermeasures in the case described in (2) [1] above or taking the exceptional measures described in (2) [2] above, the Board of Directors of the Company shall consult with the Independent Committee in order to ensure the reasonableness of judgment of the Board of Directors of the Company.

The Independent Committee shall assess and examine the details of the purchase by Offerors, etc. in accordance with the procedures set forth in Exhibit 5 “Independent Committee Rules” and make recommendations to the Company’s Board of Directors regarding whether the Company is in a position to trigger the countermeasures and whether it is appropriate to pass a resolution of the Annual Meeting of Shareholders. The Board of Directors of the Company shall promptly pass a resolution regarding the implementation, non-implementation, etc. of said countermeasures, in accordance with the recommendation; provided, however, that this shall not apply to cases where it is determined that following the recommendation may be in violation of the Directors’ duty of care. In the event that the Company’s Board of Directors makes such a resolution, it shall promptly disclose the information.

(6) Cancellation or ceasing of triggering countermeasures

Even after the Board of Directors of the Company resolves to trigger the countermeasures in accordance with the procedures in (5) above, or even after the activation of the countermeasures, if (i) Offerors, etc. discontinue the Large-scale Purchases, etc., or (ii) there is a change in the facts on which the decision for activating the countermeasures is based, and the Company has reached a situation in which it is considered inappropriate to maintain the activation of countermeasures from the perspective of ensuring and enhancing the Company’s corporate value and the common interests of shareholders, the Board of Directors of the Company shall, based on the recommendation of the Independent Committee, or regardless of whether or not there is a recommendation or the content of the recommendation, pass a resolution to suspend or cease the activation of the countermeasures. If the Company’s Board of Directors makes such a resolution, it will promptly disclose information regarding the outline of the resolution and other matters that the Company’s Board of Directors deems appropriate.

4. Effective period, abolition and amendment of the Plan

The Plan will be continued subject to approval of the shareholders at this Ordinary Annual Meeting of Shareholders. The effective period will be three (3) years until the closing of the 85th Ordinary Annual Meeting of Shareholders of the Company to be held around January 2029. Provided, however, that if the continuation of the Plan is approved at said Ordinary Annual Meeting of Shareholders, the effective period shall be extended for

another three years. The Company's Board of Directors shall promptly announce if the continuation of this Plan is approved.

If a resolution to amend or abolish the Plan is passed at an Annual Meeting of Shareholders of the Company even before the expiration of the effective period, the Plan shall be amended or abolished at that time in accordance with such a resolution. In addition, if the Company's Board of Directors, which is composed of Directors elected at the Company's Annual Meeting of Shareholders, passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

The Company's Board of Directors may revise or amend the Plan with approval of the Independent Committee to the extent that such revision or amendment does not contravene the Plan or is reasonably deemed necessary due to changes in the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, or the rules of financial instruments exchanges, or due to changes in the interpretation or operation of such laws and regulations, or due to changes in the tax system, court precedents, etc.

If the Plan is abolished or amended, the Company shall promptly disclose information regarding the fact of such abolition or amendment and (in the case of amendment) the details of such amendment and other matters deemed appropriate by the Board of Directors of the Company.

5. Rationality of the Plan

(1) Fulfilling the requirements of guidelines for takeover defense measures

The Plan satisfies the three principles (the principle of securing and enhancing corporate value and the common interests of shareholders, the principle of prior disclosure and shareholder intent, and the principle of necessity and reasonableness) stipulated in 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 Plan also considers the contents of the report "Approaches to Takeover Defense Measures in light of Recent Changes in the Environment" published by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008.

Furthermore, the Plan satisfies Principle 1-5 and Supplemental Principle 1-5 [1] of the Tokyo Stock Exchange's "Corporate Governance Code" published on June 1, 2015 (the latest revision made on June 11, 2021).

(2) Introduced for the purpose of securing and improving the common interests of shareholders

As described in 2. (1) above, the Plan is introduced for the purpose of ensuring that, in the event of Large-scale Purchases, etc. of the Company's shares, the shareholders have the necessary information and time to decide whether such Large-scale Purchases, etc. are appropriate and whether they should accept such purchases, and ensuring and enhancing corporate value and, as a consequence, the common interests of shareholders by enabling the Company to negotiate with Offerors, etc. for the benefit of shareholders, etc.

- (3) Valuing the intent of shareholders (resolution of the Annual Meeting of Shareholders and sunset clause)

The Plan will be continued subject to approval of the shareholders at this Ordinary Annual Meeting of Shareholders. The effective period of the Plan will be three (3) years, until the conclusion of the 85th Ordinary Annual Meeting of Shareholders of the Company to be held around January 2029, as described in 4. above. If the shareholders do not approve the continuation of the Plan at the Ordinary Annual Meeting of Shareholders to be held by January 31, 2029, the Plan will be automatically abolished. In addition, even before the expiration of the effective period of the Plan, if a resolution to abolish the Plan is passed at an Annual Meeting of Shareholders or a meeting of the Board of Directors, the Plan will be abolished at that time.

Furthermore, as stated in 3. (4) above, the Board of Directors of the Company may convene the Procedure for Confirmation of Shareholder Intent prior to the triggering of countermeasures to confirm the shareholders' intent to trigger the countermeasures for Large-scale Purchases, etc., and in certain cases, the Company shall confirm the shareholders' intention without exception.

As described above, the Plan gives maximum consideration to respecting the intent of shareholders.

- (4) Valuing the judgment of highly independent outside parties

Of the Company's three (3) Directors, two (2) are Outside Directors, making Outside Directors the majority of Directors. If approved by shareholders at this Annual Meeting of Shareholders, three (3) of the Company's four (4) Directors will be Outside Directors.

In addition, upon introduction of the Plan, the Company will establish the Independent Committee as an organization that eliminates arbitrary decisions by the Board of Directors of the Company and objectively makes substantive decisions on the triggering of countermeasures and the abolition of the Plan for the benefit of shareholders.

Upon introduction of the Plan, the Independent Committee shall be composed of Outside Directors and Outside Corporate Auditors.

If the Company is actually subject to Large-scale Purchases, etc., the Independent Committee shall judge, in accordance with the Independent Committee Rules, whether or not the purchase will damage the Company's corporate value and the common interests of shareholders, and the Company's Board of Directors shall make a resolution in accordance with such judgment; provided, however, that this shall not apply to cases where it is determined that following the recommendation may be in violation of the Directors' duty of care.

In this way, the Independent Committee strictly monitors the arbitrary actions of the Company's Directors and discloses an outline of its decisions to shareholders in a timely manner, and a mechanism is secured to ensure that the Plan is operated to the extent that it contributes to the corporate value of the Company and the common interests of its shareholders.

(5) Establishing reasonable objective requirements

As described in 3. (2) to (5) above, the Plan is designed so that countermeasures for Large-scale Purchases, etc. will not be triggered if reasonable and detailed objective requirements are met, and a mechanism is secured to prevent arbitrary triggering by the Board of Directors of the Company.

(6) Ability to obtain the opinions of third-party experts

The Company's Board of Directors may obtain the advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) as necessary when Offerors, etc. emerge. In this way, there is a mechanism designed to ensure the fairness and objectivity of the judgment of the Company's Board of Directors.

(7) Not being a dead-hand or slow-hand takeover defense measure

As described in 4. above, the Plan may be abolished by resolution of the Company's Annual Meeting of Shareholders or the Board of Directors, and therefore, the Plan is not a so-called dead-hand takeover defense measure (that cannot be prevented even if a majority of the members of the Board of Directors are replaced) or slow-hand takeover defense measure (where time is required to prevent its invocation because the members of the Board of Directors cannot be replaced all at once).

The term of office of Directors of the Company is set at one (1) year.

6. Impact on shareholders and investors

(1) Impact, etc. of this Plan on shareholders and investors

As described in 2. (1) above, the Plan is designed to provide our shareholders with the necessary information and time to decide whether or not to accept Large-scale Purchases, etc., or for the Company's Board of Directors to present an alternative proposal in the event of Large-scale Purchases, etc. We believe that this will enable our shareholders to make an appropriate decision on whether to accept the Large-scale Purchases, etc. with sufficient information, and, as a consequence, secure and improve the interests of our shareholders as a whole.

As described in 3. (2) above, the Company's response policy to the Large-scale Purchases, etc. will differ depending on whether Offerors, etc. comply with the Plan. Therefore, shareholders and investors are requested to pay attention to the movements of Offerors, etc.

(2) Impact on shareholders and investors upon introduction of the Plan

Upon introduction of the Plan, no stock acquisition rights shall be issued. Therefore, the Plan will not directly and concretely affect the legal rights or economic interests of shareholders and investors in the Company's shares at the time of its introduction.

(3) Impact on shareholders and investors upon triggering of the countermeasures set forth in the Plan

In the event that Offerors, etc. fail to comply with the procedures set forth in this Plan, the Board of Directors of the Company may, for the purpose of protecting the corporate value of the Company and, as a consequence, the common interests of shareholders, invoke countermeasures permitted by laws and regulations or the Articles of Incorporation of the Company. Under the mechanism of the countermeasure, the Company does not anticipate any situation in which shareholders other than Non-qualified Persons will suffer extraordinary losses in terms of legal rights or economic interests. If the Board of Directors of the Company decides to implement specific countermeasures, the Company will disclose such information in a timely and appropriate manner in accordance with laws and regulations and the rules of financial instruments exchanges. If discriminatory conditions are attached to the exercise or acquisition of stock acquisition rights, it is assumed that the legal rights and economic interests of Non-qualified Persons will be affected upon such exercise or acquisition. However, even in this case, it is not expected to directly or concretely affect the legal rights or economic interests of shareholders and investors other than Non-qualified Persons in relation to the Company's shares.

If the Board of Directors of the Company resolves to implement a gratis allotment of stock acquisition rights as a countermeasure, stock acquisition rights will be allotted without contribution to the shareholders registered or recorded in the Company's final register of shareholders as of the allotment date separately determined by resolution of the Board of Directors of the Company, at a ratio of up to one (1) stock acquisition right per share held.

Even if the Board of Directors of the Company passes a resolution for the gratis allotment of stock acquisition rights, should the Board of Directors of the Company decide to cease or suspend the invocation of countermeasures pursuant to the procedures, etc., set forth in 3. (6) above, the stock price of the Company's shares may fluctuate accordingly. For example, investors who have traded the Company's shares on the premise that the economic value per share of the Company's shares will be diluted due to the Company's invocation of countermeasures against Offerors, etc. should note that they may suffer damage due to fluctuations in the stock price.

(4) Necessary procedures for shareholders accompanying the gratis allotment of stock acquisition rights

[1] Procedures for the allotment of stock acquisition rights

Upon passing a resolution for the gratis allotment of stock acquisition rights, the Board of Directors of the Company shall determine the allotment date and give public notice of it. The Company shall allot stock acquisition rights without contribution to the shareholders registered or recorded in the Company's final register of shareholders as of the allotment date, and such shareholders will naturally become holders of stock acquisition rights on the effective date of the gratis allotment of stock acquisition rights; therefore, no procedures for application, etc. are required.

[2] Procedures for exercising stock acquisition rights

The Company shall, in principle, send a request form prescribed by the Company for the exercise of stock acquisition rights (including the details and number of stock acquisition rights to be exercised, the date on which the stock acquisition rights are to be exercised, and other necessary matters, as well as representations and warranties, indemnity clauses, and other covenants that the shareholders themselves are not Non-qualified Persons) and other documents necessary for the exercise of stock acquisition rights to the shareholders registered or recorded in the Company's final register of shareholders as of the allotment date.

After the gratis allotment of stock acquisition rights, shareholders are required to submit these necessary documents and pay the amount determined by the Board of Directors of the Company, which is at least one (1) yen per stock acquisition right, to the place for payment within the exercise period and before the acquisition of stock acquisition rights by the Company takes effect.

[3] Procedures for the acquisition of stock acquisition rights by the Company

If the Company's Board of Directors decides to acquire the stock acquisition rights, the Company may issue new shares to shareholders as consideration for the acquisition of stock acquisition rights by the Company without payment of the amount equivalent to the exercise price. When the Company issues shares to the shareholders in exchange for the acquisition of stock acquisition rights, the shareholders may be separately requested to submit a document in the form prescribed by the Company containing representations and warranties, indemnity clauses and other covenants that they are not Non-qualified Persons.

End

Exhibit 1

Status of the Company's Shareholders (as of October 31, 2025)

[Total Number of Shares Authorized to Be Issued] 80,000,000 shares

[Total Number of Shares Outstanding] 38,216,759 shares (including 1,225,365 treasury stock)

[Number of Shareholders Who Hold Voting Rights] 2,496

[Major Shareholders]

| Name | Address | Number of shares owned | Ratio of shares owned to shares outstanding |
|--|---|------------------------|---|
| Teraura Kosan Inc. | 1-12-28, Sakaemachi, Takarazuka-shi, Hyogo | 10,379,300 | 28.05 |
| CEPLUX- THE INDEPENDENT UCITS PLATFORM 2 (Standing proxy: Citibank, N.A., Tokyo Branch) | Bertrange, Luxembourg (6-27-30 Shinjuku, Shinjuku-ku, Tokyo) | 1,600,000 | 4.32 |
| Teraura Scholarship Foundation | 1-12-28, Sakaemachi, Takarazuka-shi, Hyogo | 1,554,000 | 4.20 |
| Nippon Life Insurance Company | 1-6-6, Marunouchi, Chiyoda-ku, Tokyo | 1,259,795 | 3.40 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 1-8-1, Akasaka, Minato-ku, Tokyo | 1,155,800 | 3.12 |
| NISHIKAWA RUBBER CO., LTD. | 2-2-8, Misasa-machi, Nishi-ku, Hiroshima-shi, Hiroshima | 1,034,700 | 2.79 |
| Honda Motor Co., Ltd. | 2-2-3 Toranomon, Minato-ku, Tokyo | 850,253 | 2.29 |
| BNYMSANV BNYMIL WS Zennor Japan Equity Income Fund (Standing proxy: MUFG Bank, Ltd.) | Leeds, U.K. (1-4-5, Marunouchi, Chiyoda-ku, Tokyo) | 838,500 | 2.26 |
| ALPHA Corporation | 1-6-8 Fukuura, Kanazawa-ku, Yokohama-shi, Kanagawa | 806,700 | 2.18 |
| MUFG Bank, Ltd. | 1-4-5, Marunouchi, Chiyoda-ku, Tokyo | 739,699 | 1.99 |

Notes: 1. Ratios of shares owned to shares outstanding are calculated excluding treasury stock (1,225,365 shares).

2. The Company holds 1,225,365 treasury shares (3.20% of the total number of shares outstanding), but is excluded from the above list of major shareholders.

Exhibit 2

Criteria for Recognition of Acts of Joint Coordination, etc.

- * These criteria are to be used to determine whether or not a “specific shareholder group,” including Offerors, etc. as defined in the Plan, are “persons who have effective control or persons who act jointly in concert with such persons.” These criteria are also used when determining whether “a relationship between the specified shareholder(s) and other shareholders in which one party effectively controls the other party or in which they act jointly or in concert” has been established in recognizing Offerors, etc.
 - * Recognition shall be made by a method of comprehensive judgment that takes into consideration each of the elements listed below, as well as the existence of direct or indirect facts that suggest there is no communication of intent between the party being looked at (including any parent company, subsidiaries, and other entities that should be considered the same as the party being looked at, hereinafter “Subjects of Recognition”) and the Offerors.
 - * Hereinafter, the term “Offeror” shall include the parent company or subsidiary of the Offeror (including the Offeror, hereinafter the “Offeror Group”), as well as the directors, officers, and major shareholders of the Offeror Group.
1. Does the period during which our Company’s Share certificates, etc. were acquired overlap with the period during which the Offeror acquired our Company’s Share certificates, etc., or when actions were taken toward acquisition, such as making a material proposal?
 2. Has a significant quantity of our Company’s Share certificates, etc. been acquired?
 3. Is the timing of commencement of acquisition of our Company’s Share certificates, etc. close to the timing of the Offeror commencing activities for the acquisition of our Company’s Share certificates, etc. (such as beginning to acquire or expressing the intent to acquire said shares, making a material proposal, etc.), or close to an event related to the Offeror’s actions, such as the record date for an Annual Meeting of Shareholders that includes an agenda item related to the Plan?
 4. Are there any commonalities with the Subjects of Recognition and the timing or manner of the Offeror acquiring our Company’s Share certificates, etc. (for example, making use of margin purchases) during a period of abnormal market trading conditions (for example, when trading volume is significantly higher than the average trading volume, or when the share price is significantly higher than the average share price of the preceding period)?
 5. Have Share certificates, etc. of another listed company whose stocks are being (or have been) acquired by the Offeror been acquired, and does the timing of the acquisition and holding period of said Share certificates, etc. overlap with the Offeror?
 6. During the period of overlap in 5. above, was the exercise of shareholder rights (common interest rights) in said other listed company (other listed companies in which the Subjects of Recognition were shareholders together with the Offeror) in line with that of the Offeror? If so, taking into account the type and details of the shareholder rights, as well as the results of the exercise of said rights, to what degree were they in line?
 7. If, at the other listed company described in 5. above, the election or dismissal of directors or other officers is the result of the exercise of voting rights or other common interest rights by the Subjects of Recognition and the Offeror (as well as shareholders other than the Subjects of Recognition who exercised their voting rights or other common interest rights in line with the Offeror, if any), is there a risk of damage to the corporate value or shareholder value of said

company during the term of office of the officers after such changes (for example, an event that constitutes or is likely to constitute a serious violation of laws and regulations, delisting, designation as a security requiring a special disclosure alert, bankruptcy or other legal insolvency proceedings, or the issuance of share acquisition rights resulting in a significant dilution)? If so, how likely is it to damage corporate or shareholder value?

8. Is there or has there been a direct or indirect investment or loan relationship with the acquirer?
9. Is there, or has there been, directly or indirectly, a concurrent officer posting, family relationship (including common-law marriages and other similar relationships. The same applies below), business relationship, or personal relationship within the community such as an alma mater, or has one party been an employee, partner, or member of another organization of the other party?
10. Have the exercise of shareholder rights (common interest rights) in the Company been in line with those of the Offeror? If so, taking into account the type and details of the shareholder rights, as well as the results of the exercise of said rights, to what degree were they in line? (Note that this item 10. shall not be used as the sole basis for identifying a “specific shareholder group” or “Large-scale Purchases, etc.”)
11. Are the words, actions, etc. concerning the Company’s business and management policies similar to those of the Offeror? If so, taking into account the timing and content of such words and actions, what is their degree of similarity? (Note that this item 11. shall not be used as the sole basis for identifying a “specific shareholder group” or “Large-scale Purchases, etc.”)
12. Does said agent or advisor have a relationship with the Offeror that facilitates the communication of intentions (whether direct or indirect), such as belonging or having belonged to the same firm, corporation, or organization as the Offeror, having a business relationship, having worked together or collaborated on similar projects, or having a family or other personal relationship (whether direct or indirect)?
13. Are there any other direct or indirect facts that suggest communication of intent with the Offeror?

Exhibit 3

Outline of the Gratis Allotment of Stock Acquisition Rights

1. Shareholders eligible for the issue of stock acquisition rights and the conditions of issue
The Company shall allot share acquisition rights to shareholders registered or recorded in the Company's final register of shareholders as of the allotment date determined by the Board of Directors at a ratio of one (1) share acquisition right per share of the Company's common stock held by the shareholder; provided, however, that shares of common stock of the Company owned by the Company shall be excluded (hereinafter, "Share acquisition rights").
2. Class and number of shares to be issued upon exercise of Share acquisition rights
The class of shares to be issued upon exercise of Share acquisition rights shall be common stock of the Company, and the number of shares to be issued thereupon shall be a number separately determined by the Board of Directors of the Company up to one (1) share per Share acquisition right; provided, however, that if the Company conducts a stock split or a reverse stock split, etc., the necessary adjustments shall be made.
3. Total number of Share acquisition rights to be issued
The total number of Share acquisition rights to be allotted shall be the number separately determined by the Board of Directors of the Company, up to the total number of the Company's last issued shares on a certain date separately determined by the Board of Directors of the Company in the resolution for the gratis allotment of Share acquisition rights; provided, however, that the number of shares of common stock held by the Company shall be excluded.
4. Issue price of Share acquisition rights
There shall be no consideration.
5. Effective date of the gratis allotment of Share acquisition rights
It shall be a date separately determined by the Board of Directors of the Company.
6. Details and price of assets to be contributed upon exercise of each Share acquisition right
The amount to be paid in upon exercise of each Share acquisition right shall be cash, and the amount per share of the Company's common stock to be paid in thereupon shall be at least one (1) yen to be separately determined by the Board of Directors.
7. Restriction on transfer of Share acquisition rights
Transfer of Share acquisition rights shall require approval of the Board of Directors.
8. Conditions for the exercise of Share acquisition rights
The Company may stipulate conditions for the exercise of Share acquisition rights, such as not permitting Non-qualified Persons to exercise the rights.
If applicable foreign securities laws or other laws and regulations require the performance of prescribed procedures or the meeting of prescribed conditions with respect to the exercise of Share acquisition rights by persons located in the jurisdiction of such laws and regulations, said persons

may exercise the Share acquisition rights only if the Company recognizes that all the procedures and conditions have been performed or met. Even if a person located in the said jurisdiction is able to exercise the Share acquisition rights by performing or meeting the above procedures and conditions, the Company shall not be obligated to perform or meet such procedures and conditions.

Details shall be separately determined by the Board of Directors of the Company in the resolution for the gratis allotment of Share acquisition rights.

9. Acquisition of Share acquisition rights by the Company

[1] The Company may, at any time prior to the day before the commencement date of the exercise period of the Share acquisition rights, acquire all the Share acquisition rights without consideration on a date to be separately determined by the Board of Directors of the Company if the Board of Directors of the Company deems it appropriate to acquire the Share acquisition rights.

[2] The Company may attach an acquisition clause to the effect that the Company may acquire Share acquisition rights held by persons other than Non-qualified Persons and issue a number of shares of the Company's common stock previously determined by the Board of Directors not exceeding one (1) share for each Share acquisition right in exchange therefor. On the other hand, there may be cases where the Company does not acquire the Share acquisition rights held by Non-qualified Persons, or where acquisition clauses are attached that provide for the acquisition of all of the Share acquisition rights held by Non-qualified Persons and, in exchange, another set of Share acquisition rights (hereinafter, the "Second share acquisition rights (Note 10)") in the same number as the Share acquisition rights being acquired, which in principle are not allowed to be exercised by Non-qualified Persons, are issued.

In addition, if, after the date of such acquisition, the Board of Directors of the Company recognizes that there are persons other than Non-qualified Persons among the holders of Share acquisition rights, on the date of arrival separately determined by the Board of Directors of the Company after the date of the above acquisition, the Company may acquire all unexercised Share acquisition rights held by said persons by the day before the date determined by the Board of Directors of the Company. In exchange, the Company may issue the number of shares of common stock of the Company determined by the Board of Directors of the Company within one (1) share for each Share acquisition right, and the same shall apply thereafter.

Note 10: However, in certain cases, conditions may be attached to permit the exercise of the Second share acquisition rights by Non-qualified Persons. Specifically, if Offerors, etc. cease or withdraw the Large-scale Purchases, etc. that have already commenced (if the Large-scale Purchases, etc. are being conducted by way of a tender offer, a public announcement of the withdrawal of the tender offer (the main clause of Article 27-11, Paragraph 2 of the Financial Instruments and Exchange Law) must be made), submit a written pledge stating that they will (i) not carry out Large-scale Purchases, etc., for a certain period of time, (ii) reduce their shareholding ratio to a certain percentage within a certain period of time, (iii) not exercise their right to call an extraordinary General Meeting of Shareholders for a certain period of time, etc., and then abide by said pledge, the Offerors, etc. and

other Non-qualified Persons may exercise Second share acquisition rights they hold within a certain range.

- [3] Even in cases where the Company may acquire the Share acquisition rights held by Non-qualified Persons, the Company may not grant money as consideration for the acquisition of Share acquisition rights held by Non-qualified Persons.

Details shall be separately determined by the Board of Directors of the Company in the resolution for the gratis allotment of Share acquisition rights.

10.Acquisition without consideration when ceasing, etc. the activation of countermeasures

If the Board of Directors of the Company ceases the triggering of countermeasures, or if otherwise determined by the Board of Directors of the Company in the resolution for the gratis allotment of Share acquisition rights, the Company may acquire all the Share acquisition rights without consideration.

11.Exercise period, etc. of Share acquisition rights

The exercise period of the Share acquisition rights and other necessary matters shall be separately determined by the Board of Directors.

Exhibit 4

Types of Acts Considered to Significantly Damage the Company's Corporate Value and Common Interests of Shareholders

1. If it is judged that Offerors, etc. have no intention of truly participating in the management of the Company, but are acquiring the Company's Share certificates, etc. for the sole purpose of inflating the share price and having the Company's related parties purchase them at a high price (so-called "greenmailers")
2. If it is judged that a person temporarily controls the Company's corporate management and transfers the Company's or its Group companies' assets, including intellectual property rights, know-how, trade secret information, major clients or customers, necessary for the Company's or its Group companies' business management, to a specific shareholder group or its related parties
3. If it is judged that the Company's Share certificates, etc. are being acquired for the purpose of diverting the Company's or its Group companies' assets as collateral or repayment resources for the specific shareholder group's or its related parties' debts after gaining control of the Company's business management
4. If it is judged that the Company's Share certificates, etc. are being acquired for the purpose of selling off the Company's Share certificates, etc. at a high price, by temporarily controlling the management of the Company, causing the Company to dispose of high-value assets such as real estate and securities that are not currently related to the business of the Company or its Group companies, and using profits from such disposal to pay temporarily high dividends or to taking advantage of opportunities for a sharp rise in the share price due to such high dividends
5. If it is judged that the purchase method of the Company's Share certificates, etc. proposed by Offerors, etc. may restrict the opportunity or freedom of shareholders to make decisions, such as a so-called coercive two-tier tender offer (the purchase, etc. of Share certificates, etc. of the Company in a tender offer, etc., without soliciting the purchase of all the Share certificates, etc. of the Company in the first purchase and setting unfavorable or unclear conditions for the second purchase), and effectively force shareholders to sell the Company's Share certificates, etc.
6. If it is judged that the terms and conditions of the purchase, etc. of the Company's Share certificates, etc. proposed by Offerors, etc. (the terms and conditions of the purchase, etc. of the Company's Share certificates, etc. proposed by Offerors, etc. shall include, but not be limited to, the class and amount of consideration for the purchase, the basis for the calculation of such amount, specific details of other conditions, including the timing and method of such acquisition, the existence of illegality, and feasibility, etc.) are significantly insufficient or inappropriate in light of the Company's corporate value
7. If it is judged that the acquisition of control rights by Offerors, etc. will unreasonably harm the interests of the Company's shareholders, customers, employees, or other stakeholders, and will significantly damage the Company's corporate value and the common interests of shareholders, or otherwise significantly hinder the securing or enhancement thereof

8. When it is judged reasonably that Offerors, etc. would be extremely inappropriate as a controlling shareholder of the Company from the perspective of public order and morals, such as when the management or major shareholders of Offerors, etc., or investors include persons associated with antisocial forces or terrorist organizations

Exhibit 5

Independent Committee Rules

1. The Independent Committee shall be established as an advisory body to the Board of Directors of the Company by resolution of the Board of Directors of the Company for the purpose of preventing arbitrary decisions by the Board of Directors regarding the exercise of countermeasures for Large-scale Purchases, etc. and ensuring objectivity and reasonableness of the decisions and responses of the Board of Directors of the Company.
2. The Independent Committee shall have three or more members, and to ensure fair and neutral judgments, the Board of Directors of the Company shall appoint members among Outside Directors or Outside Corporate Auditors who are independent of the management team that executes the Company's business.
3. The term of office of Independent Committee members shall continue until the closing of the Plan; provided, however, that this shall not apply if otherwise determined by resolution of the Company's Board of Directors.
4. The Independent Committee shall make decisions on the matters described in each of the following items and recommend the details of such decisions to the Board of Directors with the reasons therefor. The Board of Directors of the Company shall promptly pass a resolution regarding the implementation or non-implementation, etc. of the gratis allotment of Share acquisition rights or other countermeasures, in accordance with the recommendation of the Independent Committee; provided, however, that this shall not apply if it is judged to be in violation of the Directors' duty of care. Each member of the Independent Committee and each Director shall be required to make such decisions solely from the perspective of whether such decisions will contribute to the corporate value of the Company and, as a consequence, the common interests of its shareholders, and shall not make decisions for the purpose of seeking gain for themselves or the management of the Company.
 - [1] Activation or non-activation of the anti-takeover measures pertaining to the Plan
 - [2] Suspension and change of anti-takeover measures pertaining to the Plan
 - [3] Abolition or change of the Plan
 - [4] Other matters regarding the Plan for which the Board of Directors consults the Independent Committee
5. In addition to the matters set forth above, the Independent Committee may carry out the following items.
 - [1] Determine the information to be provided by Offerors, etc. and the Company's Board of Directors to the Independent Committee and the response deadline
 - [2] Scrutinize and review the contents of Large-scale Purchases, etc.
 - [3] Request the Company's Board of Directors to submit and consider an alternative proposal
 - [4] Other matters that the Independent Committee is authorized to perform under this Plan
 - [5] Other matters separately determined by the Board of Directors of the Company authorizing the Independent Committee to conduct

6. If the Independent Committee determines that the Letter of Intent and the information submitted are insufficient as Required Information, it may request Offerors, etc. to submit additional Required Information through the Board of Directors of the Company. In addition, the Independent Committee may, if the Letter of Intent and Required Information additionally requested by the Board of Directors of the Company are submitted by Offerors, etc., request the Board of Directors to present its opinion on the contents of the Large-scale Purchases, etc. and the materials on which it is based, alternative plans, and other information that the Independent Committee deems necessary and appropriate within the prescribed period.
7. In order to gather necessary information, the Independent Committee may request an explanation on the matters at its request, and attendance of the Company's Directors, Corporate Auditors, employees, and other persons deemed necessary.
8. The Independent Committee may, at the Company's expense, obtain advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts).
9. Each Independent Committee member may convene a meeting of the Independent Committee at any time, including in the event of Large-scale Purchases, etc.
10. Resolutions of the Independent Committee shall, in principle, be adopted by a majority of votes of all of the Independent Committee members present at the meeting; provided, however, that in case of unavoidable circumstances, it may be adopted by a majority of votes of the Independent Committee members present at a meeting attended by a majority.

Exhibit 6

Brief Career Histories of Candidates who All Are Scheduled to Be Members of the Independent Committee

Yasuko Masaki

Outside Director of the Company

Date of birth: April 8, 1955

[Brief career history]

Apr. 1982 Registered as a practicing attorney (Kobe Bar Association (current Hyogo-Ken Bar Association)) (incumbent)

Apr. 2004 Professor of the Law School, Kwansei Gakuin University

Jan. 2008 Outside Director of the Company (incumbent)

Apr. 2008 President of Hyogo-Ken Bar Association

Apr. 2011 Manager of Hyogo District Office, Japan Legal Support Center

Apr. 2013 President of Kinki Federation of Bar Associations

Jun. 2014 Non-member Auditor, Consumers Co-operative Kobe (incumbent)

Mar. 2018 Outside Auditor of Noritz Corporation

Apr. 2018 Vice President of Japan Federation of Bar Associations

Mar. 2019 Director (Audit and Supervisory Committee Member) (Outside) of Noritz Corporation

Hiromi Yoshikawa

Outside Director of the Company

Date of birth: May 13, 1953

[Brief career history]

Apr. 1976 Joined Otsuka Pharmaceutical Co., Ltd.

Jul. 2001 Director of Otsuka Pharmaceutical Co., Ltd.

Jul. 2007 Managing Director of Otsuka Pharmaceutical Co., Ltd.

Apr. 2009 Executive Senior Managing Director of Otsuka Pharmaceutical Factory, Inc.

Mar. 2017 Advisor of Otsuka Pharmaceutical Factory, Inc.

Sep. 2017 Director of MNES Inc.

Nov. 2018 COO and Director of MNES Inc.

Jan. 2021 Outside Director of the Company (incumbent)

Feb. 2021 Advisor of CureApp, Inc.

May 2021 Outside Director of CureApp, Inc. (incumbent)

Koichi Ogata

Candidate for Outside Director of the Company

(He is scheduled to assume office upon his election as a Director at the 82nd Annual Meeting of Shareholders of the Company.)

Date of birth: July 8, 1957

[Brief career history]

Apr. 1981 Joined Kanebo Foods, Ltd. (current Kracie, Ltd.)

Dec. 2005 Joined Nitta Gelatin Inc.

Jun. 2012 Director of Nitta Gelatin Inc.

Apr. 2015 Representative Director and President, Executive Officer of Nitta Gelatin Inc.

Takashi Ueda

Outside Corporate Auditor of the Company

Date of birth: June 5, 1958

[Brief career history]

Apr. 1981 Joined the Osaka Regional Taxation Bureau

Jul. 2018 Assumed post of District Director of Ukyo Tax Office

Aug. 2019 Registered as a certified tax accountant (incumbent)

Jan. 2022 Outside Corporate Auditor of the Company (incumbent)

Kenryo Goto

Outside Corporate Auditor of the Company

Date of birth: February 18, 1958

[Brief career history]

Sep. 1981 Joined the Osaka Office of Asahi Accounting Corporation (currently KPMG AZSA LLC)

Mar. 1984 Registered as a certified public accountant

May 2005 Representative Partner (currently Partner)

Jul. 2010 Director and Head of Business Unit III of Osaka Office

Jul. 2013 Managing Director

Jul. 2015 Head of Osaka Office

Jul. 2020 Establishment of Goto Kenryo Certified Public Accountant Office (incumbent)

Apr. 2021 Auditor, Hyogo Medical University (incumbent)

Jun. 2021 Outside Director (Audit and Supervisory Committee Member) of Towa Pharmaceutical Co., Ltd. (incumbent)

Jun. 2022 Outside Director (Audit and Supervisory Committee Member) of West Japan Railway Company (incumbent)

Jan. 2024 Outside Corporate Auditor of the Company (incumbent)

(Declaration of opposition by a shareholder of the Company)

The Company has received a shareholder proposal from an individual shareholder of the Company (hereinafter referred to as the “Proposing Shareholder”) with the agenda item being the “Abolition of Takeover Defense Measures” (hereinafter referred to as the “Shareholder Proposal”). However, since the content of the proposal is such that if the Company Proposal is approved, the Shareholder Proposal will be rejected, the Shareholder Proposal will not be treated as a stand-alone agenda item at this Annual Meeting of Shareholders. The agenda item and rationale for the Shareholder Proposal, and the opinion of the Company’s Board of Directors regarding the proposal are described below. The following agenda item and rationale for the proposal are the original text of the relevant sections of the Shareholder Proposal submitted by the Proposing Shareholder.

Agenda Item Abolition of Takeover Defense Measures

<Rationale for the Proposal>

The greatest defense in a hostile takeover is a higher share price. The fact that the Company has allowed its stock price to remain at a level well below a PBR of 1× against the backdrop of excess capital accumulated over the years without returning it to shareholders, has tolerated the current low stock price level, and has introduced takeover defense measures is considered to be self-serving by the Directors, who we believe do not want to return the excess capital accumulated to investors but also do not want to be exposed to the risk of takeover bids. It is egoism by the Board of Directors to emphasize only the merits of takeover defense measures while never addressing the issues at hand.

Below are some of the disadvantages of common takeover defense measures.

- (1) Disadvantage to shareholders: Many takeover defense measures may harm the interests of existing shareholders because they manipulate the number of shares issued or intentionally reduce corporate value.
- (2) Use by management for self-preservation: Takeover defense measures may be abused by management to protect themselves. This could be seen as a move to prioritize the preservation of management’s position over the interests of shareholders, and could undermine shareholder trust. Investors may lose confidence in the Company, making it less likely to attract new investment.
- (3) Continuation of takeover defense measures is contrary to the interests of minority shareholders, since such measures may deprive minority shareholders of the opportunity to sell their shares on better terms.

In general, after the introduction of the Corporate Governance Code, many companies tend to abolish takeover defense measures because of these disadvantages, and HI-LEX CORPORATION should not adopt takeover defense measures.

Opinion of the Company's Board of Directors

The Proposing Shareholder requests that the “Policy on Large-scale Purchases, etc. of the Company's Shares (Takeover Defense Measures)” be abolished due to concerns that it is disadvantageous to shareholders, used by management to protect its own interests, and contrary to the interests of minority shareholders.

Even a large-scale purchase of the Company's shares by a specific party is not to be denied if it leads to the enhancement of the Company's corporate value and, as a consequence, the common interests of our shareholders. However, there are large-scale purchases that are contrary to the Company's corporate value and the common interests of our shareholders, and these Takeover Defense Measures have been introduced as a pre-defined policy for responding to such large-scale purchases.

With regard to the Takeover Defense Measures, the Ministry of Economy, Trade and Industry (METI) issued the “Guidelines for Corporate Takeovers” on August 31, 2023. The Company believes that the Takeover Defense Measures approved and continued by the Annual Meeting of Shareholders on January 28, 2023 are in line with those guidelines, sufficiently ensure the common interests of shareholders, and cannot be used as a measure to protect the self-interests of management.

After careful consideration of the takeover response policy, including whether or not it should be continued, in light of changes in social and economic conditions and revisions to laws and regulations, the Board of Directors, at a meeting held on December 12, 2025, decided to continue the policy, with some changes, subject to approval by shareholders at the Company's 82nd Annual Meeting of Shareholders to be held on January 24, 2026.

Based on the above, the Board of Directors of the Company is seeking the approval of shareholders for Item No. 3.

<Shareholder Proposals 4 to 7>

Proposals No. 4 to No. 7 are proposals submitted by two shareholders.

The content of each proposal (Outline of the Proposal) and the Rationale for the Proposal, including the wording and factual recognition, are presented in the original text as submitted by the Proposing Shareholder, except for non-substantive corrections. Regarding the contents of Item No. 4 and 5, the item for resolution by the proposing shareholder was the dismissal of one (Outside) Director and the dismissal of one (Outside) Corporate Auditor as a single item, but we are treating them as two separate items for resolution at this Annual Meeting of Shareholders: “Dismissal of Yasuko Masaki as (Outside) Director” and “Dismissal of Takashi Ueda as (Outside) Corporate Auditor,” and so the necessary adjustments have been made for this purpose.

Item No. 4: Dismissal of Yasuko Masaki as (Outside) Director

Item No. 5: Dismissal of Takashi Ueda as (Outside) Corporate Auditor

1. Contents of the proposed agenda items for Item No. 4 and 5

Item No. 4: Dismissal of Yasuko Masaki as Outside Director

Item No. 5: Dismissal of Takashi Ueda as Outside Corporate Auditor

2. Rationale for the Proposals for Item No. 4 and 5

Ms. Yasuko Masaki’s tenure will be 17 years, while the “Best Practices Model for the Basic Policy on Corporate Governance” published in 2015 states that the requirement for reappointment as an independent officer is not met if they have served more than eight years. She also serves as an auditor for the Teraura-Sayoko Memorial Scholarship Foundation, established by the wife of the founder of HI-LEX.

Mr. Takashi Ueda, an Independent Outside Corporate Auditor, also serves as an auditor for the Teraura Scholarship Foundation. In a system in which an Outside Director and Outside Corporate Auditor of a listed company also serve at a foundation related to the founding family, we do not believe that they will be able to fulfill the roles expected of their titles, such as providing objective advice, ensuring transparency, and reflecting the opinions of minority shareholders and society as a whole. We therefore propose the dismissal of both of them.

Opinion of the Company's Board of Directors

We oppose both Proposals.

Since January 29, 2022, the Company has been operating with a composition of three (3) or four (4) Directors, all but one of whom being Outside Directors. A majority of the Company's Board of Directors are Outside Directors, based on the belief that the objective and independent viewpoints of Outside Directors will ensure management transparency and strengthen monitoring functions, thereby contributing to the sustainable growth of the Company.

Two (2) of the Company's three (3) Corporate Auditors are Outside Corporate Auditors, ensuring objective and independent viewpoints in the Board of Corporate Auditors.

Each of our Outside Directors and Outside Corporate Auditors has a wealth of experience and insight, and actively expresses candid opinions and suggestions to management at meetings of the Board of Directors and Board of Corporate Auditors from their respective professional perspectives (lawyer, tax accountant, etc.). The Company's Board of Directors and Board of Corporate Auditors effectively function as forums for substantive discussions without becoming mere formalities.

These Proposals seek the dismissal of one (1) Outside Director due to the length of her term of office, and the dismissal of one (1) Outside Director and one (1) Outside Corporate Auditor due to their service as auditors of a foundation established by the family of the Company's founder. Because they have the attitude of saying what needs to be said to management regardless of the length of her term of office, the foundation's auditors are unpaid, and discussions held by the Company's Board of Directors and Board of Corporate Auditors are active and independence is sufficiently maintained, the Company believes that the appointment of this current Outside Director and the retention of this Outside Corporate Auditor will contribute to the enhancement of the Company's corporate value and the common interests of its shareholders.

Because of the above, the Board of Directors opposes both Proposals.

Item No. 6: Appropriation of Surplus

(1) Type of dividend assets

Cash

(2) Matters concerning the allocation of dividend assets and the total amount thereof: The Company shall pay a dividend of 247 yen per share of Company's common stock (hereinafter, the "dividend per share"), minus the dividend per share based on the appropriation of surplus proposed by the Board of Directors of the Company and approved at the 82nd Annual Meeting of Shareholders (hereinafter, the "Proposal for Appropriation of the Company's Retained Earnings"). If the amount equivalent to 5% of net assets per share for the fiscal year ending October 31, 2025 differs from 247 yen, the initial figure of 247 yen shall be read as the amount equal to 5% of net assets per share for the fiscal year ending October 31, 2025 (Any amount less than one yen shall be rounded down). The total dividend amount will be calculated by multiplying by the number of shares eligible for the dividend as of the Record Date for the 82nd Annual Meeting of Shareholders.

(3) Effective date on which dividends are disbursed from retained earnings: The day after the 82nd Annual Meeting of Shareholders

In the event that a Proposal for Appropriation of the Company's Retained Earnings is proposed at the 82nd Annual Meeting of Shareholders, this Proposal is to be additionally proposed independently from said proposal.

<Rationale for the Proposal>

The Proposal is to pay a full-year dividend per share equivalent to 5% of net assets per share (DOE 5%), or 9.4 billion per year. Historical trends regarding PBR and ROE, which are key indicators of efforts to achieve management that takes into account cost of capital and stock prices as promoted by the Tokyo Stock Exchange, are described below.

| | <PBR> | <ROE> |
|------|-------|-------|
| 2019 | 0.39× | 2.1% |
| 2020 | 0.27× | -2.2% |
| 2021 | 0.41× | 3.0% |
| 2022 | 0.23× | -4.2% |
| 2023 | 0.28× | -1.7% |
| 2024 | 0.34× | 1.1% |

Looking at past trends, the Company has allowed PBR and ROE to decline over the years by failing to buy back its own shares or pay appropriate dividends to shareholders, resulting in an accumulation of excess capital, despite PBR remaining well below 1×. As of the end of October 2025, the Company held financial assets equivalent to its market capitalization of 109.6 billion yen, of which 48.7 billion yen was cash and deposits and 49.7 billion yen was investment securities as of the end of July 2025.

The Company has less than 10 billion yen in bank borrowings and a 69.8% capital adequacy ratio as of the end of July 2025, indicating a strong financial position. Under these distorted balance sheet conditions, a DOE payment of 5% is not excessive, and we therefore propose the introduction of a DOE of 5%. The Company's ROE continues to be significantly below

the minimum required level of 8% for listed companies, and its PBR hasn't exceeded 1× even once in the past 10 years.

As a listed company, investors expect the Company to generate returns that exceed their expectations on its assets, and from the perspective of the cost of capital required by the Tokyo Stock Exchange, the Company's PBR and ROE over the years, its reluctance to return profits to shareholders, and its failure to make appropriate use of interest-bearing debt, it continues to fail investors.

Opinion of the Company's Board of Directors

We oppose the Proposal.

This proposal points out that the Company's price-to-book ratio (PBR) has remained below 1×, that the Company has not taken sufficient measures to return profits to shareholders through share buybacks and dividends, and that the financial assets held by the Company have reached a level comparable to its market capitalization. The Proposal also seeks to improve the cost of capital, and calls for a dividend equivalent to 5% of net assets per share.

The Company recognizes that a PBR of over 1× is an important standard to aim for as a publicly listed company, and we are committed to shareholder returns to improve our share price. During FY2025, the Company repurchased approximately 1.5 billion yen of treasury shares. In the "Actions to implement management that is conscious of cost of capital and stock price (Update)" published on July 4, 2025 (hereinafter referred to as "management that is conscious of cost of capital and stock price"), we state that we will repurchase approximately 3 billion yen of treasury shares by the fiscal year ending October 31, 2026, and that we will continue to steadily acquire treasury shares in FY2026 as well.

Furthermore, in FY2025, the Company sold approximately 7.6 billion yen of shares held for strategic purposes with the aim of effectively utilizing assets. With regard to "management that is conscious of cost of capital and stock price," we have announced that we will reduce our shares held for strategic purposes to 10% or less of our consolidated net assets by the end of the fiscal year ending October 31, 2026, and we will continue to reduce our shares held for strategic purposes.

In May 2025, the Company announced the acquisition of Hi-Lex ACT Corporation (formerly Mitsui Kinzoku ACT Corporation) shares as a growth investment, and completed the acquisition in November of the same year. At the same time, the Company is undertaking business restructuring, including the closure of one factory in North America and the decision to liquidate its Spanish subsidiary in Europe. We will continue to utilize our retained earnings while maintaining a balance between growth investments, business restructuring, and shareholder returns.

The Company believes that in order to enhance corporate value, it is in the common interest of shareholders to provide long-term stable dividends to shareholders while securing funds for the realization of future business strategies.

Because of the above, the Board of Directors opposes the Proposal.

Item No. 7: Appropriation of Surplus

All company figures presented in the following proposal are based on the consolidated financial statements.

1. Proposed agenda item: Appropriation of surplus

(1) Outline of the Proposal:

The Company will appropriate the surplus as follows so that total annual dividends are equivalent to 5% of net assets.

If the Board of Directors of the Company makes a proposal on the appropriation of surplus at this Annual Meeting of Shareholders, we make the proposal detailed below as an additional proposal independent of that Proposal.

a. Type of dividend assets

Cash

b. Dividend per share

208 yen per share of the Company's common stock, less the amount of the dividend of surplus per share of the Company's common stock proposed by the Board of Directors of the Company and approved at this Annual Meeting of Shareholders

If the amount obtained by dividing the sum of net assets per share at the beginning of the 82nd fiscal year and the net assets per share at the end of the 82nd fiscal year by 2, multiplying that amount by 0.05, and then subtracting 23 yen, rounded down to the nearest yen (hereinafter, "amount equivalent to a 5% dividend on equity") differs from 208 yen, the initial figure of 208 yen shall be read as the amount equivalent to a 5% dividend on equity.

c. Matters concerning the allocation of dividend assets and the total amount thereof

Dividend per share of common stock of (a) above per share of common stock of the Company (the total amount of the dividends is the amount calculated by multiplying the dividend per share by the total number of shares of common stock issued and outstanding (excluding treasury shares) as of October 31, 2025)

d. Date on which the dividends of surplus will take effect

Date of this Annual Meeting of Shareholders

e. Dividend payment start date

The day after three weeks counted from the business day following the date of this Annual Meeting of Shareholders

(2) Rationale for the Proposal:

Starting in the fiscal year ending October 31, 2025, the Company is undergoing a clear shift in management policy from its previous focus on market share to a focus on profitability, with drastic structural reforms and strategic investments in growth areas under the leadership of President and Representative Director Taro Teraura. Specifically, top-down negotiations with customers have been initiated to optimize the scale of production, which was excessive in relation to demand, and to correct product prices. In fact, in the North America region, where profitability was pushed down in the fiscal year ending October 31, 2024, the results of the reforms are already starting to show, with profitability recovering due to reallocation of resources between the U.S. and Mexico and a review of cost structures. Through these efforts, the emphasis on profitability has been spread to the front-line level, and reforms are progressing under the strong leadership of the management team led by President and Representative Director Taro Teraura. The Company's commitment to improving its business structure is excellent, and we have great expectations for improved profitability in the future.

On the other hand, to improve ROE, which is an issue for the Board of Directors, not only profitability but also a disciplined capital policy is important. While the Company's market capitalization as of October 31, 2025 was 107.4 billion yen, its financial assets as of July 31, 2025 amounted to 104.3 billion yen. In order to improve ROE, we believe it is appropriate to introduce a dividend on equity (DOE) policy of 5%.

Opinion of the Company's Board of Directors

We oppose the Proposal.

The shareholder who made this Proposal has made multiple recommendations to the Company and has engaged in top-level dialogue over the past year, and has demonstrated a deep understanding of the Company's shift in management policy from a focus on market share to a focus on profitability, as well as specific measures such as optimizing the excessive scale of production and negotiating with customers to correct product prices. The proposing shareholder has also expressed high expectations for the Company's future improvement in profitability, and the Company is committed to further improving its business structure and will strive to increase profitability in order to meet those expectations.

That said, this Proposal points out that the Company's market capitalization as of October 31, 2025 is 107.4 billion yen, while its financial assets as of July 31, 2025 are 104.3 billion yen, emphasizes the importance of a disciplined capital policy to improve ROE, and calls for the introduction of a dividend on equity (DOE) policy of 5% and the payment of year-end dividend equivalent to that level.

The Company recognizes that a disciplined capital policy and the effective use of financial assets are important management issues. The Company has begun to reduce its shares held for strategic purposes in financial assets, selling 4.8 billion yen in FY2024 and 7.6 billion yen in FY2025. In FY2026, we will further reduce the balance of our shares held for strategic purposes to 10% or less of our consolidated net assets by the end of the fiscal year.

On November 4, 2025, the Company paid 13.3 billion yen as consideration for the acquisition of Hi-Lex ACT Corporation (formerly Mitsui Kinzoku ACT) and assumed the Group's liabilities. Capital policy has become even more important to us, and we are in the process of deepening how we consider allocating funds (cash allocation).

Our basic policy regarding the funds we hold is to provide stable long-term dividends to shareholders while also securing an amount to prepare for the realization of future business strategies, allocating them toward optimization of production capacity, acceleration of automation and DX for factory production, new product development that meets market needs, growth investments including M&A, and investment in the human resources to drive these initiatives. We will strive to increase our corporate value, taking into consideration the balance between returns to shareholders and investment in the future.

Because of the above, the Board of Directors opposes the Proposal.