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May 23, 2023

To Whom It May Concern:

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Continuation of Policy to Address Large-scale Purchases of the Company's Shares (Takeover Defense Measures)

Having obtained approval by resolution of the 53rd Ordinary General Meeting of Shareholders held on June 28, 2006, as a measure for enhancing the Company's corporate value, as well as for ensuring and improving the common interests of the shareholders, the Company introduced countermeasures against large-scale purchases of the Company's shares (takeover defense measures) for the purpose of preventing abusive acquisition of the Company and other hostile actions. Subsequently, the continuation of the policy was approved by shareholders at the 55th, 58th, 61st, 64th, and 67th Ordinary General Meetings of Shareholders, as part of the contents were revised as necessary in consideration of various developments about takeover defense measures (hereinafter referred to as the "Current Plan"). The effective period of the Current Plan will expire at the conclusion of the 70th Ordinary General Meeting of Shareholders scheduled to be held on June 27, 2023 (hereinafter referred to as the "Ordinary General Meeting").

After the continuation of the Current Plan was approved, the Company has explored the best way to implement it, including the pros and cons of having it from the perspective of enhancing corporate value, as well as ensuring and improving the common interests of the shareholders, taking into account changes in social and economic conditions, and developments in various arguments on takeover defense measures.

As a result, at the Board of Directors Meeting held on May 23, 2023, the Company decided to continue the Current Plan after the necessary revisions on the condition that shareholders at the Ordinary General Meeting approves it as an effort to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company (Article 118, Item 3 (ii) (2) of the Regulations for Enforcement of the Companies Act) in light of the Basic Policies related to the way the persons are to control the decisions on the financial and business policies of the Company (hereinafter the "Basic Policies"), provided by Article 118, Item 3 of the Regulations for Enforcement of the Companies Act (hereinafter, the Current Plan is referred to as "this Plan" after its continuation). Therefore, we hereby announce that.

At the above meeting of the Board of Directors, the continuation of this Plan was unanimously approved and passed by six Directors, including two Independent External Directors, and all three of the Company Audit & Supervisory Board Members, including two External Audit & Supervisory Board Members, attended the meeting and expressed their approval of this Plan, provided that the concrete implementation of this Plan is carried out appropriately.

The major details for changes in this Plan are as follows.

- 1) In regard to the medium-term management plan, we have updated the details of the new three-year plan for the period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026, which was announced on May 10, 2023.
 - 2) We revised the scope of the target "large-scale purchases" and "non-qualified persons."
 - 3) We also reworded some sections.
- I. Basic Policies Related to the Way the Persons who Control the Decisions on the Financial and Business Policies of the Company
- The Company believes that the person who controls the decision on the financial and business policies of the Company needs to be one who fully understands details of finance and business, the origin of the Company's corporate value, and the relationships of trust with each of the stakeholders who support the

Company, and who sincerely aims to continuously secure and enhance the Company's corporate value, and also the common interests of its shareholders.

Since the Company is a listed company, the purchase and sale of the Company's shares is, in principle, made at the discretion of shareholders and investors, and we believe that the decision whether or not to accept a proposal to purchase a large number of shares, which would involve a transfer of control of the company, should ultimately be made based on the consensus of the shareholders. Even if it is a large-scale purchase of shares of our Company, if it contributes to the improvement of our Company's corporate value and ultimately to the common interests of shareholders, we do not deny this, nor do we deny the significance and effect of revitalizing corporate activities through changes in management control.

However, in recent years, there has been a trend in Japan's capital markets to suddenly, hostilely and unilaterally purchase a large number of shares without prior consultation or agreement with the management of the target company. Among the unilateral purchases of a large number of shares, we believe there may be purchases that significantly damage the enhancement of the corporate value of the target company and consequently the common interests of its shareholders, such as those that target only businesses, assets, technology or know-how in a specific field, or that would obviously damage the corporate value of the target company and consequently the common interests of its shareholders due to the purpose of the purchase; those that may effectively force shareholders to sell their shares; those that do not provide sufficient time or information to consider the Large-Scale Purchase for the Board of Directors or shareholders of the target company or to propose an alternative proposal for the Board of Directors of the target company; and those that do not show a sincere intention to conduct reasonable management activities.

As part of the responsibility of the management entrusted by the Company's shareholders, the Company has made efforts to conduct investor relations activities so that the Company's shareholders and investors can understand the appropriate value of the Company's shares. However, the Company believes that it is essential that appropriate and sufficient information be provided by both the Purchaser and the Board of Directors of the Company to the shareholders who are required to make an appropriate decision in a short period of time on the appropriateness of the price for the acquisition of the Company's shares presented by the Large-Scale Purchaser (defined in III. 2. (1) below; the same shall apply hereinafter) in the event of a Large-Scale Purchase such as a sudden large-scale acquisition of the Company's shares (defined in III. 2. (1) below; the same shall apply hereinafter). Furthermore, the Company believes that information such as the impact of the Large-Scale Purchase on the Company, the management policy of the Large-Scale Purchaser when it participates in the management of the Company, the details of the Large-Scale Purchaser's business plan, the Large-Scale Purchaser's past investment behavior, and the opinion of the Board of Directors of the Company regarding the Acquisition will be the material information for making decision to the Company's shareholders.

In this regard, under the current Financial Instruments and Exchange Act, there is a mechanism for providing information under the tender offer regulations, but since a Large-Scale Purchase conducted in the market is not subject to the regulations, the aforementioned mechanism for providing information cannot be established. Furthermore, even with respect to a Large-Scale Purchase to which the Tender Offer Restrictions apply, the number of questions to the Large-Scale Purchaser in the Opinion Report, as permitted under the Financial Instruments and Exchange Act, is limited to one time, and the Large-Scale Purchaser is not required to provide sufficient answers to such questions, and it is possible for the Purchaser not to provide answers with reasons. Therefore, it cannot be denied that even in the case of a Large-Scale Purchase to which the Tender Offer Regulations apply, there may be cases in which shareholders are required to respond to the pros and cons of the Tender Offer without providing sufficient information and without securing sufficient time for shareholders to consider whether or not to accept the Tender Offer.

As a result of considering the above situation, the Company believes that it is necessary for a Large-Scale Purchaser to provide the Board of Directors in advance with information necessary and sufficient for the shareholders to make a decision on the purchase in accordance with certain reasonable rules established and disclosed in advance by the Company, and to allow the Large-Scale Purchaser to commence the Large-Scale Purchase only after a certain Assessment Period has elapsed at the Board of Directors.

In addition, as mentioned above, it cannot be said that there are no Large-Scale Purchases that would cause irreparable damage to the Company such as significantly damage for the corporate value of the Company and the common interests of its shareholders. The Company recognizes that it is its natural

responsibility as a person entrusted with the management of the Company to protect the corporate philosophy and brand of the Company and the interests of its shareholders and other stakeholders from such Large-Scale Purchases.

In order to fulfill the above responsibilities, the Board of Directors believes that it is necessary to determine whether or not a Large-Scale Purchaser who intends to acquire a large number of the Company's shares is appropriate as a person who controls decisions on the Company's financial and business policies, after carefully considering the impact of such acquisition on the enhancement of the corporate value of the Company and the common interests of its shareholders, based on the details of the Large-Scale Purchaser's business, future business plans, past investment behavior, and other factors, and that it is necessary to take measures that the Board of Directors consider appropriate in accordance with certain reasonable rules established and disclosed in advance in order to enhance the corporate value of the Company and, by extension, ensure the common interests of its shareholders.

II. The Source of the Company's Corporate Value and Special Efforts that Contribute to Putting the Basic Policies into Practice

1. The source of the Company's corporate value

Since its founding in 1955, the Company, as a group, has pursued a unique business model by developing, manufacturing, and selling money handling units for the gaming market and commercial market (retail, banking, transportation, etc.) including a variety of vending machines, payment machines and information terminals and a broad range of labor-saving machines for handling money to all markets in the world and a series of devices and equipment for amusement industry through carrying out basic research and technology development with an eye on the future on the strength of technological capability and a huge amount of monetary data accumulated from the past related to currency validation and transport, that we have built over decades, as well as on a stable financial standing.

In addition, the Company has obtained more than 200 gaming licenses through rigorous screening of the Company and its management team by the Gaming Commission of each U.S. state, and boasts a high share of the U.S. casino market based on its credibility as a compliance-oriented company.

The Company has contributed to the development of the economy and society through these unique businesses while helping build a social environment that meets the needs of the times and security systems by developing hybrid products with bill validator units that respond to the emergence of cashless payments, and system product that integrate bill transport technology and money payment function. The company will continue to make efforts to broadly promote our high-quality, high-performing products to various markets and to increase their adoption in various fields.

2. Outline of efforts to maximize corporate value

(1) Formulation of a medium-term management plan

The Company is currently conducting its business activities under the following Basic Policies and priority measures set forth in the Medium-Term Management Plan JCM Global Vision 2032, which ends in fiscal 2025 (the fiscal year ending March 2026), announced on May 10, 2023.

[Basic Policies]

Anticipating sustainable growth of the Company, we have drawn up a long-term vision covering the next 10 years, clearly defining the following two items as our vision for 2032. We are committed to pursuing the achievement of this vision.

1) "Continuing to be a company that earns customer trust in the diversified field of money transactions (payment settlement)."

⇒Our strength to date has been capturing a high market share in the niche market of money-handling machines.

2) "Aiming to establish a name for ourselves in new business domains."

⇒We are pursuing the acquisition of new niche markets looking ahead to a cashless era, which is the major trend of today.

In order to realize our vision, we recognize the three years of this medium-term management plan as a period of planting seeds and will prioritize expanding existing businesses, which are showing signs of recovery from the COVID-19 pandemic, further strengthening our earnings structure, and promoting forward-looking investment to acquire new business areas. The priority measures to achieve that are as follows:

[Priority Measures]

Item	Category (new or existing)
(1) Establish a foundation (forward-looking investment) to build new business domains	New
(2) Actively roll out existing technologies and products into other markets	Existing
(3) Further expand the International Commercial market	Existing
(4) Address diversifying money transactions	Existing
(5) Improve the profitability of the existing business domains	Existing
(6) Optimally allocate management resources	New and existing

[Quantitative Targets]

Consolidated performance		(Millions of yen)		
	FY2023 (Ending March 2024)	FY2024 (Ending March 2025)	FY2025 (Ending March 2026)	
Net sales	28,600	35,000	38,500	
Operating profit	1,500	2,625	3,080	
Profit	1,100	2,085	2,500	

[Main Management Indicators]

- Operating profit margin FY2025: 8%
- ROE FY2025: 8%

(2) Strengthening of corporate governance

In June 2006, the Company has introduced an executive officer system to separate management oversight functions from business execution functions and has made a series of reforms to corporate governance in pursuit of the most appropriate style for the Company. In June 2014, the Company has introduced an External Director system and appointed two Directors, including a non Japanese Director, to strengthen the supervisory function of Directors over the execution of business and to improve management transparency. We currently have two External Directors and two External Audit & Supervisory Board Members, including one woman, as we work to ensure diversity in the Board of Directors and to strengthen the supervisory function.

(3) Policy for returning profits

Regarding the policy for returning profits, the Company has set a goal of deciding the policy with a minimum consolidated dividend payout ratio of 30% as the basis and with the ratio of dividends to net assets in mind, while considering both an increase in dividend amounts through expanding profits via our growth strategy, and stable payment of dividends as returning profits to the shareholders. In accordance with this policy, the Company will continue to return profits in accordance with the performance of each fiscal year.

III. Efforts to Prevent an Inappropriate Person from Controlling the Decisions on the Financial and Business Policies of the Company considering the Basic Policies

1. Purpose of the continuation of this Plan

This Plan is intended to be continued for the purpose of enhancing the Company's corporate value and ultimately, improving the common interests of the shareholders in accordance the Basic Policies described in I.

The Board of Directors of the Company has concluded that it is essential to have in place a framework for preventing large-scale purchases of shares that conflict with the corporate value and ultimately, the common interests of the shareholders. Under the framework, in the case of a large-scale purchase of shares of the Company, the Board of Directors will have the Large-Scale Purchaser provide information on the said Large-Scale Purchase in advance, and thereby, the shareholders can decide whether or not to

accept the Large-Scale Purchase, or the Board of Directors of the Company can either secure the time necessary to make alternative proposals or negotiate with the Large-Scale Purchaser on behalf of the shareholders.

The situation of major shareholders of the Company as of March 31, 2023 is as described in [Attachment 1]. Approximately 31% of the total Company shares issued are held by the Company's board members (four Directors, one Audit & Supervisory Board Member and eight Executive Officers) and their related parties (one asset management firm, the employee shareholding association, and two relatives within a second degree of kinship with the Directors, Audit & Supervisory Board Members and Executive Officers). However, the Company is listed on a stock exchange. Therefore, it is natural that shares of the Company change hands through transactions and other methods, based on the independent will of shareholders. About 16% of the approximately 31% shares held by the Company's Directors and their related parties are held by individual shareholders. It cannot be denied that the possibility that the Company's shares may be transferred, inherited, or otherwise disposed of according to the will or circumstances of each individual, and that the shares held may be dispersed or scattered and there is no guarantee of future stability. It causes the possibility that a large-scale purchase of shares may be made in the future that may damage the corporate value of the Company and the common interests of shareholders.

Accordingly, judging that the effort remains necessary to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company in light of the Basic Policies, the Company, at the Board of Directors Meeting held on May 23, 2023, has decided to continue the effort on the condition that the proposal is approved by shareholders at this Ordinary General Meeting of Shareholders.

Please be advised that as of the time when the continuation of this Plan was decided, there was no evidence that the Board of Directors of the Company had received any proposal for a Large-Scale Purchase of shares from a specific third party.

2. Details of this Plan

The contents of this Plan are as follows. Please also refer to the procedures related to this Plan that is summarized in the form of a flow chart in [Attachment 2].

(1) Purchases subject to this Plan

Under this Plan, any person ("Large-Scale Purchaser") who commits or intends to commit an act falling under 1), 2) or 3) below (unless the Board of Directors of the Company agrees in advance, hereinafter referred to as a "Large-Scale Purchase") shall follow the procedures set forth in this Plan.

- 1) A purchase or acquisition that brings the total of the holding rate (Note 3) of holders (Note 2) of share certificates, etc., that were issued by the Company (Note 1) to 20% or more.
- 2) A tender offer that brings the total ownership rate (Note 6) of share certificates, etc., issued by the Company (Note 4), of the person making the tender offer (Note 5), and that of persons in its special relationship (Note 7) to 20% or more.
- 3) Regardless of whether the acts specified in 1) or 2) above have been performed, this refers to acts carried out by a specific shareholder of the Company with another shareholder of the Company (including multiple shareholders; the same shall apply hereinafter) as well as agreements or other acts resulting from such acts, which cause the other shareholder(s) to become joint holders (Note 8) with the specific shareholder or acts establishing a relationship where one of them effectively controls the other or they act jointly or cooperatively (Note 9). (However, this is limited to cases where the total ownership rate of the specific shareholder and the other shareholders with respect to share certificates, etc. issued by the Company is 20% or more).

Note 1) means the share certificates, etc., prescribed in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 2) means the holders, prescribed in Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 3) means the holding rate of share certificates, etc., prescribed in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 4) means share certificates, etc., prescribed in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply to 2) below.

Note 5) means tender offers, prescribed in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 6) means the ownership rate of share certificates, etc., prescribed in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

- Note 7) means persons in a special relationship, prescribed in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act. However, the persons prescribed in paragraph 1 of the same Act exclude those prescribed in Article 3, paragraph 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc., by Person Other Than Issuer. The same shall apply hereinafter except as otherwise provided.
- Note 8) means the joint holders, prescribed in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.
- Note 9) The establishment of a “relationship where one of them effectively controls the other or they act jointly or cooperatively” is determined on the basis of investment relationship, business alliance, transactional or contractual relationship, concurrent directorships, funding relationship, credit granting relationship, status of purchase of share certificates, etc. issued by the Company, exercise of voting rights in relation to share certificates, etc. issued by the Company, the formation of a substantial interest in share certificates, etc. issued by the Company through derivatives or stock lending, or the direct or indirect effect of the specific shareholder or other shareholder(s) on the Company. The factors to be considered in making such determination may be changed as reasonable from time to time by a resolution of an independent committee based on amendments to laws and regulations, trends in court precedents, etc. In such cases, however, the Company will promptly disclose the changes.

(2) Demand for Purchasers to submit information

If Large-Scale Purchasers conduct a Large-Scale Purchase, they are firstly required to submit to the Company a letter of intent, before effecting Large-Scale Purchases, stating that the said Large-Scale Purchasers will observe the procedures set forth by this Plan when conducting Large-Scale Purchases. The letter of intent shall comply with a form specified by the Company and clearly describe the name, address, governing law of incorporation of the Large-Scale Purchasers, their name of the representative, and their contact information in Japan, as well as the outline of the Large-Scale Purchases. Please note that the letter of intent shall be written in Japanese only.

Next, the Company will issue to Large-Scale Purchasers a list of information items that Large-Scale Purchasers shall submit to enable shareholders to make judgments and the Company’s Board of Directors to form opinions, etc., (hereinafter referred to as the “Necessary Information”) within 10 business days of receiving the letter of intent. The specific contents of the information to be submitted include the following as concrete examples, though they depend on the attributes of Large-Scale Purchasers and the contents of Large-Scale Purchases. Such information shall also be submitted in Japanese only.

(a) Specific details of Large-Scale Purchases

- 1) Purposes, methods, and contents of Purchases (including the timing of purchases, schemes of related transactions, legality of purchasing methods, and probability of executing purchases).
- 2) Whether or not there has been communication of intention with a third party at the time of the Large-Scale Purchase (including communication of intention to make a material proposal, etc. to the Company), and if so, the specific form and content of such communication and an outline of the third party
- 3) Contents of consideration for Purchase (the value, types, etc.) and grounds for the calculation (facts and hypotheses as the premises of the calculation, calculation method, and numerical information used for calculation, as well as the value of synergies that are expected to be created by a series of deals related to Purchases and grounds for the calculation).
- 4) Information substantiating the availability of funds for Purchases, the specific name of fund providers to Large-Scale Purchasers (including effective fund providers), and methods for financing Purchases (including the contents of related deals).
- 5) Contents of the Company group’s management policies, business plans, financing plans, capital policies, dividend policies, measures for utilizing assets, etc., after the Large-Scale Purchase is executed.
- 6) Policies for treating the Company’s and Company group’s stakeholders, including employees, trading partners, and customers, after the Large-Scale Purchase is executed.
- 7) Other information that the Company reasonably judges necessary.

(b) Matters related to Large-Scale Purchasers

Details include the specific names, capital structures, and career records or histories of Large-Scale Purchasers and their groups (main shareholders or investors, main subsidiaries and affiliates, joint holders and people with whom they are in a special relationship), as well as information on investors, members and constituent members (in the case of a fund) and those providing ongoing advice on such investments, such as their line of business, financial standing, their businesses’ performance, histories and outcomes of their past acquisitions, existence or nonexistence of past violations of laws or regulations and their contents, if any, and the career records of board members and other relevant

people.

The Company may ask for additional information until all Necessary Information are collected, if the information already submitted, on its own, is regarded as insufficient for forming an opinion that facilitates the judgment of the shareholders and if written consent on the need for additional information is obtained from a Special Committee.

However, the period for the Large-Scale Purchasers' reply (hereinafter referred to as the "Period for Providing Information") is set to a maximum of 60 days after the day the list for the Necessary Information is dispatched. If the Period for Providing Information passes before all the Necessary Information is provided, the Company may end communications with the Large-Scale Purchasers about provision of information and commence the procedures described in (3) below.

The Board of Directors of the Company will disclose the fact that the letter of intent was submitted, as appropriate. Regarding information provided to the Company, the Company will disclose it in full or in part in a timely manner if the Company deems it necessary.

- (3) Study of contents of Purchases, negotiations with Purchasers, and presentation of alternative proposals
If the Board of Directors of the Company judges that the information that it asked for based on (2) above has been obtained in a sufficient amount, or when the Period for Providing Information expires, the Board of Directors will notify the Large-Scale Purchasers to that effect, and disclose thus promptly and set the period based on that described in 1) or 2) below as the time for assessing and examining the information, negotiating with the Large-Scale Purchasers, or forming of opinions and formulating alternative proposals with respect to the Large-Scale Purchases, depending on the contents of the Large-Scale Purchases (hereinafter referred to as the "Assessment Period"). A Purchase can be made for the first time after the Assessment Period expires.

- 1) 60 days (the first day is not included) in the case of Purchases of all shares of the Company through a tender offer with cash (the Japanese yen) as the only consideration.
- 2) 90 days (the first day is not included) in the case of Purchases other than the above.

During the Assessment Period, the Board of Directors of the Company will assess, examine, and work on the contents of the Large-Scale Purchases of the Large-Scale Purchasers from the perspective of enhancing the Company's corporate value and ultimately, ensuring and improving the common interests of the shareholders, based on the information and materials that the Large-Scale Purchasers have submitted. In addition, the Board of Directors of the Company will discuss or negotiate with the Large-Scale Purchasers to improve the contents of the Purchases, as necessary, from the perspective of enhancing the Company's corporate value and ultimately, ensuring and improving the common interests of the shareholders, as well as to present alternative plans to the shareholders.

If the Board of Directors does not reach a final decision on whether or not to implement this Plan within the Assessment Period, the Board of Directors may pass a resolution to extend the Assessment Period by a maximum of 30 days (the first day is not included) within the range necessary to examine the contents of the Purchases of the Large-Scale Purchasers, negotiate with Large-Scale Purchasers, prepare alternative plans, etc. In this case, the Board of Directors of the Company will disclose the reason for extending the Assessment Period, the extended period of time, and matters that are regarded as appropriate promptly after the resolution of the extension was passed.

- (4) Recommendation of Special Committee

- (a) The Special Committee

The Company has set up a Special Committee separately as is the case with the Current Plan for the purpose of ensuring the objectivity and reasonableness of the judgments of the Board of Directors of the Company with respect to discussions, negotiations with the Large-Scale Purchasers, and extensions of the Assessment Period, provided for in (3) above, as well as the applicability, etc., of Trigger Events, set forth in (b) below.

The Special Committee will follow the procedure provided for in "Special Committee Rules" to assess and examine the contents of the Purchases of the Large-Scale Purchasers and make a recommendation to the Board of Directors of the Company. A summary of the Special Committee Rules is shown in [Attachment 3].

In conducting assessments, examinations, and other tasks, the Special Committee may obtain advice from experts (financial advisers, attorneys in law, certified public accountants, etc.) who are third parties and independent at the expenses of the Company to ensure that its judgment contributes to the enhancement of corporate value and the common interests of the shareholders.

When the Special Committee makes a decision, all the committee members should attend the meeting in principle, and a decision shall be made by a majority vote. The Board of Directors of the Company will make a final decision by giving utmost respect to the committee's recommendation.

In order to enable fair and neutral judgments, the Special Committee shall consist of three or more members who are selected by the board of directors from among the Company's external directors and external audit & supervisory board member of the Company who have been notified to the Tokyo Stock Exchange as independent officers and who, in principle, have entered into an agreement with the Company that includes a duty of care clause for the Company. The names and career records of the members of the Special Committee are as described in [Attachment 4].

(b) The Special Committee's recommendation for implementing this Plan

The Special Committee will recommend to the Board of Directors of the Company that this Plan be implemented (the contents of specific countermeasures are as described in (6) below) in the event that the Large-Scale Purchases of the Large-Scale Purchasers fall under any of the following events (hereinafter referred to as "Trigger Events") and are regarded as deserving the implementation of this Plan.

- 1) In the event of Large-Scale Purchases that do not comply with the procedures provided for in this Plan.
- 2) In the event of Large-Scale Purchases that fall under any of the acts listed in (i) through (iv) as follows that can cause obvious damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.
 - (i) Act of buying up shares merely to raise its price without the Large-Scale Purchasers' serious intention of being involved in corporate management, then demanding that the Company or its related people buy these shares at a high price (the so-called "green mailers").
 - (ii) Act of taking temporary control of the Company and engaging in management to realize the profits of the Large-Scale Purchasers to the detriment of the Company, such as acquiring important intellectual property rights, know-how, and confidential corporate information necessary for the Companies to run operations, as well as assets, etc., of main trading partners and customers at a low price.
 - (iii) Act of appropriating the assets of the Companies to secure the debts or to be a source for repayment of the debts of the Large-Scale Purchasers or their group companies.
 - (iv) Act of taking temporary control of the company management, disposing of the Companies' real properties, securities, and other high-value assets without immediate relationship to the business of the Companies, and paying out a temporarily high dividend with profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares.
- 3) In the event of Large-Scale Purchases that in fact risk pressuring shareholders to sell shares, such as a coercive two-tiered tender offer (meaning the Purchase of shares such as in a public tender offer under which the shareholders are not solicited to sell all their shares at the first stage, and the second-stage Purchase terms are disadvantageously set compared to the initial Purchase terms or the second-stage Purchase terms are left ill-defined)
- 4) In the event of Large-Scale Purchase terms that are insufficient or inappropriate from the perspective of the Company's intrinsic value (including the value and kind of consideration, the timing of Purchases, the legality of purchasing methods, the probability of undertaking Purchases, and the policies for treating the Company's employees, business partners, customers, and other stakeholders after the Purchases were executed.)
- 5) In the event of Large-Scale Purchases that risk destroying relationships with employees, customers, trading partners, creditors, and other stakeholders, who are indispensable to realizing the sustainable growth of the Company's corporate value, and causing damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

However, whether or not it is before or after the record date of the right, the Special Committee may make a new and different judgment, including on the suspension or withdrawal of the implementation of this Plan, and give that recommendation to the Board of Directors of the Company in the event of the Large-Scale Purchasers' withdrawal of the Large-Scale Purchases or the nonexistence of other Large-Scale Purchases after the above recommendation was made, or in the event that it is judged that the Large-Scale Purchases of the Large-Scale Purchasers do not fall under the Trigger Events, as there is a change in the relevant facts upon which the judgment on the above recommendation was premised. Even in the event of judging whether or not this Plan should be implemented, if the Special Committee

concludes that it is appropriate that the implementation obtain a resolution at a General Meeting of Shareholders, the Special Committee will recommend the Board of Directors of the Company to convene a General Meeting of Shareholders to take up an agenda item related to the implementation of this Plan thereto.

(c) The Special Committee's recommendation for not implementing this Plan

The Special Committee will recommend the Board of Directors of the Company not to implement this Plan when judging whether or not the Large-Scale Purchasers comply with the procedures provided for in this Plan, including the provision of information and ensuring the Assessment Period provided for in 2) and 3) above, and that it has reached the judgment that the Large-Scale Purchases of the Large-Scale Purchasers do not fall under any of the Trigger Events as a result of assessment and examination of information and materials provided by the Large-Scale Purchasers and discussions and negotiations between the Board of Directors of the Company and the Large-Scale Purchasers.

However, the Special Committee may make a new and different judgment, including on the implementation of this Plan, and give that recommendation to the Board of Directors of the Company in the event that it reaches the judgment that the Large-Scale Purchases of the Large-Scale Purchasers fall under any of the Trigger Events, as there is a change in the relevant facts, etc., upon which the said judgment was premised.

(5) Resolution by the Board of Directors

The Board of Directors of the Company shall give utmost respect to the Special Committee's recommendation in (4) above and make a final decision on whether or not to implement this Plan, or whether or not to suspend or withdraw the implementation. In the event of having made such a decision, the Board of Directors of the Company will disclose information on the outline of the said decision, that of the recommendation of the Special Committee, and other matters deemed appropriate by the Board of Directors of the Company promptly after the decision was made.

In the event that the Special Committee recommends the convocation of a General Meeting of Shareholders to confirm the intent of shareholders related to the implementation of this Plan ("General Meeting of Shareholders for Confirmation of Shareholders' Intentions"), the Board of Directors of the Company shall convene the meeting as soon as practically possible and take up the agenda item related to the implementation of this Plan thereto. In such cases, the Board of Directors will disclose details such as the scope of shareholders who are entitled to exercise their voting rights, the record date for exercising voting rights, and the date and time of the General Meeting of Shareholders for Confirmation of Shareholders' Intentions in accordance with applicable laws and regulations. A resolution of the General Meeting of Shareholders for Confirmation of Shareholders' Intentions shall be adopted by a majority of the voting rights of the shareholders present at the said General Meeting of Shareholders for Confirmation of Shareholders' Intentions who are entitled to exercise their voting rights. The General Meeting of Shareholders for Confirmation of Shareholders' Intentions may be held in conjunction with the Ordinary General Meeting of Shareholders or the Extraordinary General Meeting of Shareholders. If the Company's Board of Directors decides to hold a General Meeting of Shareholders for Confirmation of Shareholders' Intentions, the Assessment Period of the Board of Directors shall end at that time. In the event of resolving the implementation of this Plan at the General Meeting of Shareholders for Confirmation of Shareholders' Intentions, the Board of Directors of the Company shall follow the resolution and perform the procedures necessary for the implementation of this Plan. The Large-Scale Purchasers must not undertake the Large-Scale Purchase in the period from the commencement of the procedure related to this Plan to the passing of a resolution of whether or not to implement this Plan at a meeting of the Board of Directors of the Company, or to the passing of a resolution of whether or not to implement this Plan at the General Meeting of Shareholders for Confirmation of Shareholders' Intentions in the case of the said General Meeting of Shareholders for Confirmation of Shareholders' Intentions being convened.

In the event that a decision is made to suspend or withdraw the implementation of this Plan after the decision to implement it was made, the value of the stock per share will not be diluted. Therefore, investors who trade the Company's shares on the premise that dilution of the value of the stock per share will occur, risk suffering a considerable loss due to fluctuations in the share prices.

(6) Contents of the specific measure

The specific measure that the Board of Directors of the Company will take to counter inappropriate Large-Scale Purchases is an issuance of Stock Acquisition Rights through a gratis allotment as described

in [Attachment 5], Procedures for Gratis Allotment of Stock Acquisition Rights (hereinafter referred to as the “Stock Acquisition Rights”).

The outline of the Stock Acquisition Rights is as below:

- (a) Shareholders eligible to allotments
Shareholders who are recorded in the final shareholder registry on the record date prescribed by the Board of Directors (hereinafter referred to as the “Allotment Date”) when passing a resolution related to the Stock Acquisition Rights (hereinafter referred to as the “Resolution to Issue the Stock Acquisition Rights”) shall be allotted Stock Acquisition Rights at a ratio of a minimum of one (1) right for every one (1) share held (however, excluding common shares of the Company held by the Company itself).
 - (b) Class and number of shares that are the object of the Stock Acquisition Rights
The class of shares that is the object of the Stock Acquisition Rights shall be common shares of the Company. The number of shares that is the object of one (1) Stock Acquisition Right shall be one (1) unless otherwise adjusted.
 - (c) The total number of Stock Acquisition Rights
The upper limit shall be calculated by multiplying the final total number of shares issued as of the Allotment Date by two (2) (however, excluding the number of shares of the Company that the Company itself holds at the same point in time.)
 - (d) Amount to be paid upon exercise of the Stock Acquisition Rights
The amount to be paid for one (1) share to be delivered upon exercise of the Stock Acquisition Rights shall be one (1) yen.
 - (e) Exercise Period of the Stock Acquisition Rights
The Exercise Period shall be from the date when three (3) weeks elapse since the effective date of the gratis allotment of the Stock Acquisition Rights to the date when six (6) months elapse since the above start date. However, if the final day of the Exercise Period is a holiday for the institutions that handle the payment, the final day will be extended to the next business day.
 - (f) Exercise terms of the Stock Acquisition Rights
Only those who do not fall under the category of Non-Qualified Persons as defined in [Attachment 5] Procedures for Gratis Allotment of Stock Acquisition Rights (e) may exercise these Stock Acquisition Rights. Non-residents who are required to go through specified procedures under applicable laws at home and overseas by exercising the Stock Acquisition Rights are in principle not eligible to exercise the Stock Acquisition Rights.
 - (g) Acquisition of the stock acquisition right
 - 1) The Company may acquire all the Stock Acquisition Rights without consideration on a date that falls within what the Board of Directors of the Company specifies as between the effective date of the gratis allotment of the Stock Acquisition Rights and the date when the Exercise Period of the Stock Acquisition Rights expires according to the decision of the Board of Directors of the Company in the event that the Board of Directors of the Company recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights.
 - 2) On a date that the Board of Directors of the Company will separately specify, the Company may acquire all the Stock Acquisition Rights held by persons other than the Non-Qualified Persons that have not been exercised until the business day immediately before the said date. In exchange, the Company may deliver one (1) common share of the Company in the number of applicable shares for every one (1) Stock Acquisition Right. In the events that include one that a third party who is not a Non-Qualified person has come to own the Stock Acquisition Rights, held by the Non-Qualified Persons, through transfers, etc., after the Company performed the acquisition, the Company may acquire such Stock Acquisition Rights multiple times. Details of the conditions for acquisition of the Stock Acquisition Rights shall be separately determined in the resolution for the issuance of the Stock Acquisition Rights through the Gratis Allotment of Stock Acquisition Rights.
 - (h) Transfer of the Stock Acquisition Rights
Transfer of the Stock Acquisition Rights is subject to approval by the Board of Directors of the Company.
- (7) Effective period, continuation, abolition, and revision of this Plan
The period of delegation of the right to decide matters related to the gratis allotment of the Stock Acquisition Rights regarding this Plan, to be given at a resolution in this Ordinary General Meeting of Shareholders (hereinafter referred to as the “Effective Period”) shall be up to the conclusion of the Ordinary General Meeting of Shareholders related to the term ending in March 2026.

The Company will seek approval to continue this Plan from the shareholders at the Ordinary General Meeting of Shareholders related to the term ending in March 2026. If approval is given, this Plan will remain effective up to the conclusion of the Ordinary General Meeting of Shareholders related to the last of the fiscal years ending within three years from the conclusion of this Ordinary General Meeting of Shareholders. Similarly, the Company shall confirm the intention of the shareholders to continue this Plan every three years thereafter.

However, even before the maturation of the Effective Period of this Plan and in the event that a resolution is passed to withdraw the above delegation to the Board of Directors regarding decisions on matters related to the gratis allotment of the Stock Acquisition Rights at a General Meeting of Shareholders of the Company, or that a resolution is passed to abolish this Plan at a meeting of the Board of Directors of the Company, which consists of Directors elected at a General Meeting of Shareholders, this Plan shall be abolished at that point. Therefore, it is possible to abolish this Plan by the intention of the shareholders. In addition, from the perspective of enhancement of corporate value and ultimately, ensuring and improving the common interests of the shareholders, based on the examination of the Board of Directors of the Company of revisions, establishments, etc., of the Financial Instruments and Exchange Act and other related laws and regulations, the Company may revise or alter this Plan as necessary. In the event that this Plan is abolished or altered, the Company will disclose the facts of the said abolition or alterations promptly, as well as the contents of changes in the case of alteration and other items deemed appropriate by the Board of Directors of the Company.

- IV. Judgment of the Board of Directors of the Company on the above Efforts and the Reasons for the Judgment
1. Special efforts that contribute to realizing the Basic Policies (Efforts in II above)
The efforts described in II above have been formulated as concrete measures for enhancing the Company's corporate value and ultimately, improving the common interests of the shareholders in a continuous manner, contributing to realizing the Basic Policies.
Therefore, these efforts comply with the Basic Policies and agree with the common interests of the shareholders but are not intended to protect the positions of Directors and Audit & Supervisory Board Members of the Company.
 2. Efforts to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company considering the Basic Policies (Efforts in III above)
 - (1) This Plan complies with the Basic Policies
This Plan is a framework for enhancing corporate value and ultimately, ensuring the common interests of the shareholders in the event that a Large-Scale Purchase of shares of the Company is undertaken, under which the Board of Directors of the Company will have the Large-Scale Purchasers and the person who proposes the Large-Scale Purchase provide information on the said Large-Scale Purchase in advance, and thereby, the shareholders can decide whether or not to accept the Large-Scale Purchase, or the Board of Directors of the Company can either secure the time necessary to make alternative proposals or negotiate with the Large-Scale Purchasers on behalf of the shareholders. In addition, this Plan complies with the Basic Policies.
 - (2) Efforts will not damage the common interests of the shareholders and are not intended to protect the positions of the corporate officers of the Company
For the following reasons, the Company believes that the efforts to prevent control by an inappropriate person will not damage the common interests of the shareholders and are not intended to protect the positions of the corporate officers of the Company in light of the Basic Policies.
 - (a) The efforts completely fulfill the requirements of the guidelines related to takeover defense measures.
This Plan completely fulfills the three principles (the principle of ensuring or enhancing corporate value and the common interests of the shareholders, the principle of prior disclosure and consent of the shareholders, and the principle of necessity and reasonableness) provided for in the "Guidelines Regarding Takeover Defenses for the Purpose of the Protection and Enhancement of Corporate Value and Shareholders' Common Interests," jointly announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the contents of this Plan are established in reference to "Takeover Defense Measures in Light of Recent Environmental Changes," released on June 30, 2008 by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, as well as day-to-day practices and arguments regarding takeover defense measures.

- (b) The efforts place importance on the intention of the shareholders (resolutions at General Meetings of Shareholders and a sunset clause).

As described in 1 in III above, this Plan will remain effective on the condition that the shareholders give approval at this Ordinary General Meeting of Shareholders.

In addition, as described in 2 (5) in III above, Resolution by the Board of Directors Meeting, in the event that the Special Committee issues a recommendation to convene a General Meeting of Shareholders with respect to the implementation of this Plan, the Board of Directors of the Company will be required to convene a General Meeting of Shareholders to take up an agenda item about the implementation of this Plan and pass a resolution thereon at the General Meeting of Shareholders.

Furthermore, as described above in 2 (7) in III, Effective period, continuation, abolition and revision of this Plan, this Plan includes the so-called sunset clause that limits the effective period to about three years. In addition, before the expiration of the effective period, in the event that a resolution is passed to withdraw the above resolution to delegate, or a resolution is passed in a meeting of the Board of Directors, elected at General Meetings of Shareholders, to abolish this Plan, this Plan will be abolished at that point. In this sense, continuation or abolition of this Plan is based on the intention of the shareholders of the Company.

- (c) Setting reasonable and objective Trigger Events

As described in 2 (4)(b) in III above, this Plan is designed not to be implemented unless predetermined reasonable and objective requirements are fulfilled and can be regarded to incorporate a mechanism for preventing arbitrary implementation by the Board of Directors of the Company. Moreover, such Trigger Events have been set based on an elaborate analysis of the way appropriate and reasonable takeover defense measures should be in reference to materials including analysis of court cases in Japan and the above “Guidelines.”

- (d) Setting of the Special Committee

The Company has set up a Special Committee separately for the purpose of ensuring the objectivity and reasonableness of judgments by the Board of Directors of the Company regarding negotiations and discussions with Large-Scale Purchasers, extension of the Assessment Period, the applicability of Trigger Events, etc.

The Special Committee, in consideration of the purpose for setting it, consists of only persons who are independent from the Board of Directors and fulfill the requirements described in 2 (4) (a) in III. The Special Committee may seek advice from independent third-party experts (financial advisors, attorneys in law, certified public accountants, etc.) at the expense of the Company.

The Special Committee will follow the procedure provided for in “Rules for Special Committee” to assess and examine the applicability, etc., of Trigger Events, and make a recommendation to the Board of Directors of the Company. The Board of Directors of the Company will make a final decision on whether to implement this Plan, or whether to suspend or withdraw the implementation while giving utmost respect to the Special Committee’s recommendation.

- (e) This Plan is not a dead-hand or slow-hand takeover defense measure.

This Plan may be abolished by the Board of Directors, which consists of directors elected at General Meetings of Shareholders of the Company. A person who acquired a large amount of share certificates of the Company may appoint directors at a General Meeting of Shareholders, and the Board of Directors, which consists of such directors, may abolish this Plan.

Therefore, this Plan is not a dead-hand takeover defense measure (in which even if a majority of the Board of Directors are replaced, the implementation of this Plan cannot be stopped). In addition, as the term of office for the directors of the Company is one (1) year, this Plan is not a slow-hand takeover defense measure (in which it takes more time to stop the implementation because the directors cannot be replaced all at once).

V. Impact on Shareholders and Investors

1. Impact on shareholders and investors at the time of renewing this Plan

The Stock Acquisition Rights will not be issued at the time of renewing this Plan. Therefore, it will not have any direct and concrete impact on the rights and economic interests of the shareholders and investors.

2. Impact on shareholders and investors at the time of issuing the Stock Acquisition Rights

If a Board of Directors Meeting or a General Meeting of Shareholders of the Company decides to implement this Plan and pass a resolution to issue the Share Acquisition Rights through a gratis allocation of the Stock Acquisition Rights, the Company will allocate the Stock Acquisition Rights to

shareholders who are recorded in the final registry of shareholders on the Allotment Date, specified by the said resolution, at a ratio of a minimum of one (1) Stock Acquisition Right for every one (1) share held.

3. Procedure required for shareholders upon issuance of the Stock Acquisition Rights

- (1) If a Board of Directors Meeting or a General Meeting of Shareholders of the Company decides to implement this Plan and passes a resolution to issue the Stock Acquisition Rights through a gratis allocation of stock acquisition rights, the Board of Directors of the Company will decide and publicize the Allocation Date.

- (2) Procedure for exercising the Share Acquisition Rights

The Company will deliver an application form to be submitted by shareholders upon the exercise of the Share Acquisition Rights (in a form prescribed by the Company, including a pledge letter that states that the shareholders themselves are not Non-Qualified Persons) and other necessary documents to shareholders who are recorded in the final register of shareholders on the Allotment Date. The shareholders of the Company who submit these necessary documents and pay one (1) yen per share acquisition right held to institutions that handle the payment during the Exercise Period, separately decided by the Board of Directors of the Company, will be issued shares of the Company at a rate of one (1) common share for every one (1) share acquisition right.

- (3) Procedure for acquisition of the Stock Acquisition Rights

If the Company determines terms that allow the Company to acquire the Stock Acquisition Rights in exchange for shares of the Company, the Company may acquire the Stock Acquisition Rights on the date that the Board of Directors of the Company determined separately.

In this case, if the Company acquires the Stock Acquisition Rights from shareholders other than Non-Qualified Persons and delivers common shares of the Company in exchange for them, the Company will not pay a money equivalent to the exercise price. Accordingly, the shareholders holding the Stock Acquisition Rights will receive common shares of the Company at a ratio of one (1) share of the Company for every one (1) Stock Acquisition Right as consideration. Therefore, in this case, documents related to the exercise of the Stock Acquisition Rights will not be delivered, but the said shareholders may be separately requested to submit written forms, prescribed by the Company, regarding matters such as the fact that they are not Non-Qualified Persons.

【Attachment 1】

Major shareholders (as of March 31, 2023)

Shareholder name	Status of Investment in the Company	
	Number of shares held	Percentage of shares held
Johto Investment and Development Inc.	4,661,713 shares	15.89 %
Koichiro Kamihigashi	2,437,246	8.31
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,288,000	7.80
Yojiro Kamihigashi	1,458,283	4.97
Yoshiko Kamihigashi	638,600	2.18
Resona Bank, Limited	563,343	1.92
Sumitomo Mitsui Banking Corporation	503,724	1.72
Totor Engineering Co., Ltd.	432,474	1.47
Custody Bank of Japan, Ltd. (Trust Account)	431,700	1.47
Nippon Life Insurance Company	403,226	1.37

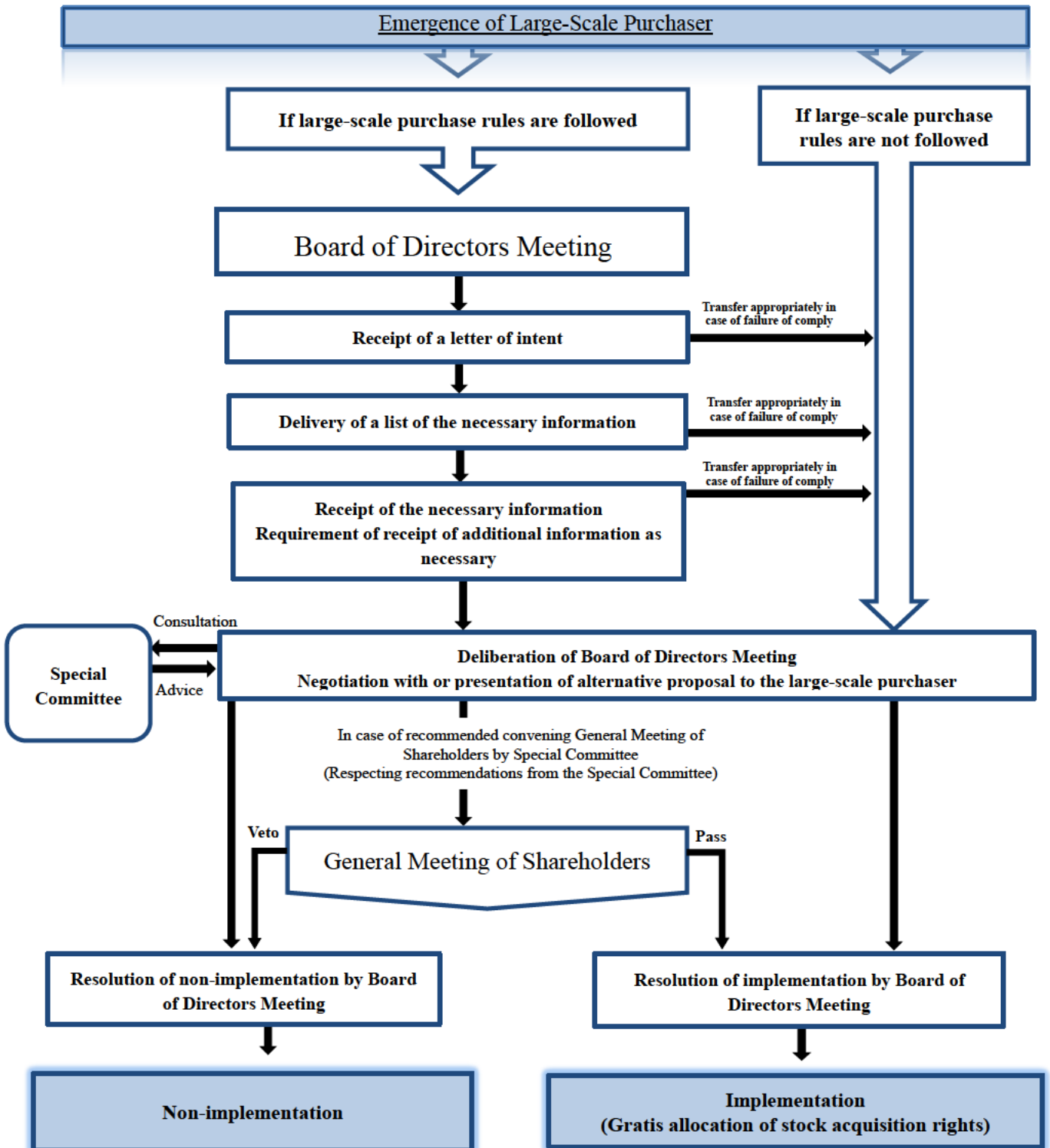
(Note) The investment ratio is rounded off to two decimal places. Treasury stock (328,364 shares) is excluded from the calculation.

(Reference) *As of March 31, 2023

1. Total number of authorized shares 118,000,000 shares
2. Total number of shares issued: 29,672,651 shares
3. Number of shareholders: 15,812 shares

【Attachment 2】

Procedure flow of this Plan



Note: This flowchart was created for easy understanding of the flow of procedures in this Plan after having simplified the content of the Plan. Please refer to the body of this press release for details of this Plan.

【Attachment 3】

Outline of the Special Committee Rules

1. Establishment

The Special Committee shall be established by a resolution of the Board of Directors of the Company.

2. Members

The Special Committee shall consist of three or more of the Company's external directors or external audit & supervisory board members who have been delegated by the board of directors of the Company and who have been notified to the Tokyo Stock Exchange as independent officers or audit & supervisory board member of the Company.

3. The Person Authorized to Call the Committee

A special committee shall be convened by each member of the special committee.

4. Requirements for Resolution

A special committee shall be constituted by the presence of all members of the special committee and shall be resolved by a majority of those present. However, if a member of the Special Committee is absent for unavoidable reasons, the resolution shall be passed by a majority of the members of the Special Committee present and approved by a majority of those present.

5. Powers and Duties

- (1) The Special Committee shall evaluate and examine the details of the Large-Scale Purchase based on the information provided, and if necessary, make efforts to improve the corporate value of the Company and the common interests of the shareholders by recommending an extension of the Assessment Period or negotiating with the prospective Large-Scale Purchaser through the Representative Director of the Company, etc. and finally determine whether or not there are Trigger Events for implementing this Plan and make a recommendation to the Board of Directors of the Company as to whether or not to implement this Plan.
- (2) The Special Committee may request the Board of Directors of the Company to submit information necessary for resolutions and recommendations.
- (3) The Special Committee will recommend the implementation of this Plan to the Board of Directors of the Company if the Large-Scale Purchase falls under any of the Trigger Events and the implementation of this Plan is deemed appropriate. However, even when the implementation of this Plan is judged to be appropriate, if the Special Committee concludes that it is appropriate that a resolution be obtained at a General Meeting of shareholders, the Special Committee will recommend the Board of Directors of the Company to convene a General Meeting of Shareholders to take up an agenda item related to the implementation of this Plan thereto.

6. Consultation

Special Committees may, at the expense of the Company, obtain the advice of independent third-party experts (including financial advisers, certified public accountants, lawyers, and other professionals).

7. The Board of Directors' Duty to Respect

The Board of Directors of the Company shall make the final decision with the utmost respect for the recommendations of the Special Committee. However, if the implementation of the Plan is discussed at the General Meeting of Shareholders, the Board of Directors will follow the resolution passed at the General Meeting of Shareholders.

【Attachment 4】

Names and Brief histories of Special Committee members

1. Koji Yoshikawa

(Date of Birth: February 8, 1950)

- Apr. 1978 Appointed Public Prosecutor, Osaka District Public Prosecutors Office
- Apr. 2000 Deputy Manager, Special Investigation Department, Osaka District Public Prosecutors Office
- Apr. 2004 Prosecutor, Supreme Public Prosecutors Office
- July 2005 Deputy Chief Public Prosecutor, Osaka District Public Prosecutors Office
- Jan. 2009 Chief Public Prosecutor, Kobe District Public Prosecutors Office
- Jan. 2010 Resigned from Prosecutor
- Mar. 2010 Registered as Attorney
- June 2014 External Director of the Company (current position)

[Important Concurrent Position]

Attorney (Baba Law Firm)

External Audit & Supervisory Board Member of NCS&A CO., LTD.

* Mr. Koji Yoshikawa is an External Director as defined in Article 2, Item 15 of the Companies Act and will be reappointed as an External Director of the Company subject to his election at this Ordinary General Meeting of Shareholders. The Company has registered him as an independent officer as stipulated by the Tokyo Stock Exchange.

2. Tatsuhiko Saruwatari

(Date of Birth: March 1, 1953)

- Apr. 1976 Joined Toto Kiki Ltd. (current TOTO Ltd.)
- June 2001 Director, Executive Officer, Director of Equipment Business Group of the Same Company
- June 2002 Director, Managing Executive Officer, Director of Equipment Business Group, General Manager of Central Technology Center of the Same Company
- June 2006 Director, Senior Managing Executive Officer, In Charge of Research & Technology Group, Corporate Planning Department of the Same Company
- May 2013 External Audit & Supervisory Board Member of Izutsuya Co., Ltd.
- June 2013 Representative Director, Executive Vice President in charge of Corporate Group, Business Promotion Group, Legal Division and V-Plan Supply Chain Innovation of TOTO Ltd.
- June 2016 External Audit & Supervisory Board Member of NORITAKE CO., LIMITED (current position)
- June 2020 External Director of the Company (current position)

[Important Concurrent Position]

External Audit & Supervisory Board Member of NORITAKE CO., LIMITED

* Mr. Tatsuhiko Saruwatari is an External Director as defined in Article 2, Item 15 of the Companies Act and will be reappointed as an External Director of the Company subject to his election at this Ordinary General Meeting of Shareholders. The Company has registered him as an independent officer as stipulated by the Tokyo Stock Exchange.

3. Hiroshi Morimoto

(Date of Birth: July 13, 1960)

Apr. 1987 Registered as Attorney, Joined Kitahama Partners

June 1995 External Audit & Supervisory Board Member of the Company (current position)

[Important Concurrent Position]

Attorney (The Representative of Kitahama Partners and the CEO of Kitahama Group)

External Audit & Supervisory Board Member of IwaiCosmo Securities Co., Ltd.

*Mr. Hiroshi Morimoto is an External Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act. The Company has registered him as an independent officer as stipulated by the Tokyo Stock Exchange.

4. Yoko Sato

(Date of Birth: July 23, 1960)

Sep. 1986 Joined Showa Ota & Co. (current Ernst & Young ShinNihon LLC)

Mar. 1990 Registered as Certified Public Accountant

May 2011 Appointed Senior Partner of Ernst & Young ShinNihon LLC

June 2019 Resigned from Ernst & Young ShinNihon LLC

Sep. 2019 Representative of Yoko Sato Certified Public Accountant Office (current position)

June 2020 External Audit & Supervisory Board Member of the Company (current position)

[Important Concurrent Position]

Certified Public Accountant (Representative of Yoko Sato Certified Public Accountant Office)

External Director of TOCALO Co., Ltd.

External Director of Sanyo Electric Railway Co., Ltd.

*Ms. Yoko Sato is an External Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act. The Company has registered her as an independent officer as stipulated by the Tokyo Stock Exchange.

【Attachment 5】

Guideline of Gratis Allocation of the Stock Acquisition Rights

(a) Content of the stock acquisition right

(1) Type and the number of shares to be acquired under the stock acquisition right

- 1) Type of shares to be acquired under the stock acquisition right shall be common shares of the Company.
- 2) The number of shares of the Company to be delivered (this collectively refers to issuance of new shares of the Company and transfer of shares of the Company held by the Company corresponding to such new shares. This shall hereinafter apply.) in exchange for acquisition of the stock acquisition right and the number of shares of the Company to be newly delivered by the exercise of the stock acquisition right shall be as provided in (b) below.

However, if the number of subject shares (defined in 3) below) is adjusted in 3) below, the number shall be adjusted to that calculated by multiplying the number of subject shares after adjustment by total number of the stock acquisition rights.

- 3) The number of common shares of the Company to be delivered in exchange for acquisition or by the exercise of each stock acquisition right (hereinafter referred to as the “Number of Subject Shares”) shall be one share. However, if the Company makes a stock split or reverse stock split, the Number of Subject Shares shall be adjusted by the following calculation formula:

Number of Subject Shares after adjustment = Number of Subject Shares before adjustment x rate of stock split/ reverse stock split

In this connection, such adjustment shall be made only for the stock acquisition rights not acquired or exercised at that time, and any fractions less than one share, which may occur as a result of adjustment, shall be rounded down, with no adjustment in cash being made. In addition, for such treatment of fractions, in adjusting the Number of Subject Shares given any subsequent event of adjustment of the Number of Subject Shares, such fractions shall be properly reflected in the Number of Subject Shares before adjustment, and the Number of Subject Shares after adjustment shall then be calculated.

(2) Value of assets to be contributed in exercising the stock acquisition right

- 1) The amount to be paid in exercising each stock acquisition right shall be the value calculated by multiplying the exercise price (defined in 2) below) by the Number of Subject Shares.
- 2) The amount of one share of common stock of the Company to be paid in exercising the stock acquisition right (hereinafter referred to as the “Exercise Price”) shall be one (1) yen.

(3) Bank receiving the amount to be paid in exercising the stock acquisition right and place of receipt of payment

The above bank and place shall be designated by the Board of Directors of the Company at the time of resolution of issuance of the stock acquisition right.

(4) Exercise period for the stock acquisition right

Exercise period shall be a period from the day three weeks after the effective date of gratis allocation of the stock acquisition right in (d) below to the day six months after this effective date. However, if the final day of the Exercise Period is a holiday for the institutions that handle the payment, the final day will be extended to the next business day.

(5) Matter concerning capital and capital reserve to be increased when shares are issued following the exercise of the stock acquisition right

When issuing common shares of the Company following the exercise of the stock acquisition right, the entire amount of offer price of shares shall be capitalized, and the amount not to be included in capital shall be zero (0) yen.

(6) Restrictions on transfer of the stock acquisition right

Transfer of the stock acquisition right requires approval of the Board of Directors of the Company.

(7) Acquisition of the stock acquisition right

- I . If the Board of Directors of the Company considers it appropriate for the Company to acquire the Stock Acquisition Rights, the Company may acquire all Stock Acquisition Rights free of charge at a date specified by the Board of Directors during the period from the effective date of gratis allocation of the Stock Acquisition Rights to the maturity of the exercise period for the Stock Acquisition Rights.
- II . The Company may acquire at a date separately specified by the Board of Directors of the Company all stock acquisition rights not exercised until the business day prior to the said date specified by the

Board of Directors of the Company of the stock acquisition rights held by those other than the “Non-Qualified Persons” defined in (e)-(1) below, and deliver in exchange for this one common share of the Company from the Number of Subject Shares in relation to one stock acquisition right. If any third party other than the Non-Qualified Persons acquires the Stock Acquisition Rights held by any Non-Qualified Persons by transfer, etc. after the Company’s acquisition, the Company may implement more than one such acquisition of the Stock Acquisition Rights.

- (8) Succession of obligations involving the stock acquisition right in the case of merger, company split-up, stock swap and stock transfer

In the case of a merger/ company split-up/ stock swap/ stock transfer, if a merger in which the Company succeeding obligations involving the stock acquisition rights becomes an expired corporation, split-up by merger or new establishment in which the Company becomes a company split, or stock swap or stock transfer in which the Company becomes a wholly-owned subsidiary is conducted, obligations involving the stock acquisition right not acquired, exercised, or retired at the time may be transferred under the decision policy below to the surviving company after merger (hereinafter referred to as the “Surviving Company in Merger”) or company to be established through the merger (hereinafter referred to as the “New Company in Merger”) in the case of a merger, a company taking over all or part of obligations held by the Company split in the split-up by merger in connection with that company’s business (hereinafter referred to as the “Succeeding Company in Split-up by Merger”), a new company established in new establishment in split-up by new establishment (New Company in Split-up by Establishment”), or a company which becomes the wholly owning parent company through stock swap or stock transfer (wholly owning parent company in Stock Swap, wholly owning parent company in Stock Transfer and those six companies are referred to collectively as the “Surviving Company, etc.”) in a stock swap or stock transfer. However, this shall only apply when a proposal on the merger contract, contract on split-up by acquisition, plan for split-up by new establishment, stock swap contract, or stock transfer plan in which the effect that succession of obligations involving the stock acquisition right is subject to the following decision policy for each case is entered is approved by the General Meeting of Shareholders of the Company:

- 1) Type of shares to be acquired under the stock acquisition right succeeded
Common stock of the Surviving Company, etc.
- 2) Number of shares to be acquired under the stock acquisition right succeeded
The amount shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than one share after adjustment shall be rounded down.
- 3) The amount to be paid in exercising each stock acquisition right succeeded
The amount shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than one (1) yen after adjustment shall be rounded down.
- 4) Exercise period for the stock acquisition right succeeded, other acquisition or exercise of the right conditions, lapse of the resolution on issuance, etc.
Those matters shall be determined by the Board of Directors of the Company at the time of merger, company split-up, stock swap, or stock transfer in accordance with this Guideline.
- 5) Approval of transfer by the Board of Directors
Transfer of the stock acquisition right requires approval of the Board of Directors of the Surviving Company, etc.

- (9) Restrictions on issuance of certificates the stock acquisition right
No certificates of the stock acquisition right shall be issued.

(b) Total number of stock acquisition rights

Total number shall be up to the number calculated by multiplying the last outstanding shares as of the record date (defined in (d) below) for gratis allocation of the stock acquisition right (excluding the number of common shares held by the Company at that time) by 2.

(c) Method of gratis allocation of the stock acquisition right and recipients of such allocation

For shareholders recorded in the final list of shareholders (including those who cannot exercise stock acquisition rights in accordance with the provision of (e) below, and excluding the Company as owner of treasury stock) as of the record date for gratis allocation of the stock acquisition right (defined in (d) below), the stock acquisition right shall be allocated by one or more in relation to one share of common stock of the Company held by them.

(d) Record date for gratis allocation of the stock acquisition right and the effective date

- (1) Record date

Record date shall be the day separately specified by the Board of Directors of the Company, which comes

after the day the Board of Directors of the Company determines implementation of the Plan.

(2) Effective date

Effective date shall be the day separately specified by the Board of Directors of the Company, which comes after the record date.

(e) Conditions for the exercise of the stock acquisition right

(1) Only those who do not fall under the categories 1 “Large-Scale Purchaser,” 2 “Joint Holders,” 3

“Specially Related Parties,” or 4 “Persons reasonably identified by the Board of Directors as falling under 1) or 2) below, excluding persons the Board of Directors agree to in advance” (Persons falling under 1) through 4) below are collectively referred to as “Non-Qualified Persons”) may exercise the Stock Acquisition Rights.

1) Any person who has received or taken over the Stock Acquisition Rights from a person belonging to the category of Non-Qualified Persons without the Company’s approval

2) A “related party” of a person belonging to the category of Non-Qualified Persons. “Related party” refers to investment banks, securities firms, and other financial institutions that have entered into financial advisory contracts with these persons, those who share substantial interests with these persons, public tender offer agents, lawyers, accountants, and other advisors, as well as one who actually controls the person, is controlled by the person, or is under common control with the person, or one who acts in cooperation with the person. In determining “related parties” for partnerships and other funds, the substantial identity of the fund manager and other various circumstances are taken into account.

(2) If it is required by the applicable law of a foreign country that a party located in the jurisdiction under that law 1) perform designated procedures, 2) meet designated conditions (including prohibition of exercise for a specific period and submission of designated documents), or 3) meet both conditions to exercise the Stock Acquisition Rights (hereinafter collectively referred to as the “Exercise Procedures/Conditions under Applicable Law”), the party located in that jurisdiction may exercise the Stock Acquisition Rights only if all the Exercise Procedures/Conditions under Applicable Law are performed or met. However, regarding the Exercise Procedures/ Conditions under Applicable Law necessary to be performed or met by the Company in order that the party located in the jurisdiction can exercise the stock acquisition right, the Company shall not be liable to perform or meet such Conditions. In addition, if it is not approved under the said law that the party existing in the jurisdiction exercises the Stock Acquisition Rights, the party existing in the jurisdiction cannot exercise the Stock Acquisition Rights.

(3) The provision of (2) above notwithstanding, only if a party located in the U.S. promises the Company to exercise the Stock Acquisition Rights 1) by representing and guaranteeing that the party is an accredited investor defined in 501 (a) of the U.S. Securities Act of 1933, and 2) by reselling common shares of the Company acquired as a result of the exercise of the Stock Acquisition Rights only in a regular transaction at the Tokyo Stock Exchange (however, such resale shall not be under prior arrangement, and prior solicitation shall not be conducted), the party may exercise the Stock Acquisition Rights. Only in this case shall the Company perform or meet the regulation D of U.S. Securities Act of 1933 and Exercise Procedures/Conditions under Applicable Law involving U.S. state law in order for the party located in the U.S. to exercise the Stock Acquisition Rights. If the Board of Directors of the Company recognizes that even if the party located in the U.S. satisfies the conditions in 1) and 2) above, it cannot lawfully exercise the Stock Acquisition Rights under the U.S. Securities Act, the party may not exercise the Stock Acquisition Rights.

(4) Even in a case where a party holding the Stock Acquisition Rights cannot exercise the Stock Acquisition Rights in accordance with the provision of (1) or (3) above, the Company shall not have any liabilities to that party, including liability for damages.

(f) Method of exercise of stock acquisition right

(1) Method of exercise of stock acquisition right and place of claim for exercise

To exercise the stock acquisition right, it is required to enter necessary matters, including the number of stock acquisition rights to be exercised, the number of subject shares, and address, in the claim form for exercise of stock acquisition right designated by the Company (including representation/ guarantee clause and compensation clause stipulating that the party eligible for the stock acquisition right shall not be classified as Non-Qualified Persons and shall not exercise for any Non-Qualified Persons), with signature and seal being affixed to it, submit it together with necessary documents separately designated, as necessary, for the exercise of the stock acquisition right, as well as other documents required by the Financial Instruments and Exchange Act and other laws and related regulations (including rules

established by the Japan Securities Dealers Association and Japanese securities exchanges) from time to time, to the place of receipt of payment, and pay cash equivalent to the entire amount of exercise price of shares subject to the stock acquisition right involving such exercise to the place of receipt of payment. In this connection, the party eligible for the stock acquisition right may individually exercise each stock acquisition right held by it, and if there are remaining stock acquisition rights in such individual exercise, the Company shall enter or record the date of such individual exercise by the party eligible for the stock acquisition right and the number of remaining stock acquisition rights in the original register of stock acquisition rights.

(2) Time of occurrence of effect of claim for exercise of stock acquisition right

Time of occurrence of effect of claim for exercise of Stock acquisition right shall be the time the claim form for exercise of the Stock acquisition right involving the exercise and attached documents arrive at the place of receipt of payment in accordance with the provision of (1) above. Effect of the Stock acquisition right shall occur at the time when the claim for exercise of the Stock acquisition right is effective, and cash equivalent to the entire amount of exercise price of shares subject to the stock acquisition right involving such exercise is paid at the place of receipt of payment.

(g) Notice to the party eligible for the stock acquisition right

(1) Notice to the party eligible for the stock acquisition right shall be given in writing to the address of the party eligible for the stock acquisition right entered in the original register of stock acquisition rights, and such notice shall be deemed to be received at the time it should normally be received.

(2) For approval, the Company may deem that the party eligible for the stock acquisition right approves the notice requesting his/her approval unless he/she has otherwise notified to the Company in writing within 14 days from the day that notice is deemed to be received.

(h) Notification under the Financial Instruments and Exchange Act

If it is necessary to give notification for each item above under the Financial Instruments and Exchange Act, occurrence of the effect of such notification shall be a condition to be met.

(i) Amendment following revision of law

If it becomes necessary to amend the provisions established in the above clauses or meanings of terms due to establishment of a new law or changes in laws, considering the purpose of such establishment or changes, the provisions established in the above clauses or meanings of terms shall read in response to the purpose to the reasonable extent.