Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Securities Code: 9913)
June 5, 2024
(Date of commencement of electronic provision measures: May 24, 2024)

To Our Shareholders:

NIPPO LTD.
10-1, Nishiki 1-chome, Naka-ku, Nagoya-shi
Yasuchika Iwasa, President

Notice of the 73rd Ordinary General Meeting of Shareholders

Dear Shareholders:

We hereby notify you that the 73rd Ordinary General Meeting of Shareholders of NIPPO LTD. (the "Company") will be held as indicated below.

When convening this General Meeting of Shareholders, the Company has taken measures for electronic provision and has posted matters subject to electronic provision measures on the following website as "Notice of the 73rd Ordinary General Meeting of Shareholders," "Notice of the 73rd Ordinary General Meeting of Shareholders and the Report for the 73rd Fiscal Year" and "The 73rd Ordinary General Meeting of Shareholders and Other Matters Subject to Electronic Provision Measures (Matters for Which Document Delivery is Omitted)."

[The Company website]
https://www.nip.co.jp/english/ir/ir_soukai/

In addition to the website shown above, the Company also has posted this information on the following websites on the Internet.

[Website on which the materials for general meetings of shareholders are posted]
https://d.sokai.jp/9913/teiji (in Japanese only)

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the TSE website above, enter "NIPPO LTD." in the "Issue name (company name)" field or our securities code "9913" in the "Code" field, and click on "Search." Then, click on "Basic information" and "Documents for public inspection/PR information" in this order to find "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" in the "Filed information available for public inspection" section.

In lieu of attending the meeting, you can exercise your voting rights via the Internet or in writing or other means. After reviewing the Reference Materials for the General Meeting of Shareholders provided in the matters subject to electronic provision measures, please exercise your voting rights by indicating "for" or "against" for each agenda item on (1) our designated website for exercising voting rights, or on (2) the enclosed Voting Rights Exercise Form, and mail it, for receipt no later than 5:30 p.m. on Monday, June 24, 2024 (Japan time).

1. **Date and time:** Tuesday, June 25, 2024 at 10:00 a.m. (reception starting at 9:00 a.m.) (Japan time)
2. **Place:** Sakae Gas Hall on the 5th floor of Sakae Gas Building
15-33, Sakae 3-chome, Naka-ku, Nagoya-shi
*The room of the Meeting is different from that of last year. Please be careful to avoid any mistakes.
3. **Meeting agenda:**

Matters to be reported:
1. Business Report and Consolidated Financial Statements for the Company's 73rd fiscal year (April 1, 2023 – March 31, 2024) and results of audits of the Consolidated Financial Statements by the accounting auditor and the audit and supervisory committee
2. Non-consolidated Financial Statements for the Company's 73rd fiscal year (April 1, 2023 – March 31, 2024)

Matters for resolution:

<Company Proposals>

Proposal No. 1: Appropriation of surplus

Proposal No. 2: Election of six directors (excluding directors serving as audit and supervisory committee members)

Proposal No. 3: Election of five directors serving as audit and supervisory committee members

Proposal No. 4: Continuation of response policies to large-scale purchases of the company's shares (Takeover Response Policies)

<Shareholder Proposals>

Proposal No. 5: Appropriation of surplus

Proposal No. 6: Partial amendment of the Articles of Incorporation (Surplus dividend policy)

Proposal No. 7: Partial amendment of the Articles of Incorporation (Shareholder interview with directors)

4. **Other matters relating to this Notice:**

◎ In line with the implementation of the electronic provision system, the method for providing materials for the General Meeting of Shareholders, including the Notice of Convocation, has changed to provision through posting on websites. However, for this General Meeting of Shareholders, the Company will send paper copies of the matters subject to electronic provision measures to all shareholders regardless of whether or not they made a request for delivery of documents.

◎ Among the matters subject to electronic provision measures, "Notes on Consolidated Financial Statements" and "Notes on Non-consolidated Financial Statements" are posted on each of the above-mentioned websites and therefore are not included in this Notice of Convocation and Report pursuant to laws and regulations and Article 12 of the Articles of Incorporation of the Company. Accordingly, the Consolidated Financial Statements and the Non-consolidated Financial Statements provided in this Notice of Convocation and Business Report are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the accounting auditor and the audit and supervisory committee in preparing the accounting audit report and the audit report.

End

If you attend the meeting, please bring the enclosed Voting Rights Exercise Form with you and submit it at the reception desk.

If any revisions to the matters subject to electronic provision measures arise, the revision information will be posted on the respective websites where they are posted.

Reference Materials for the General Meeting of Shareholders

Proposals and Matters of Reference

Proposal No. 1: Appropriation of surplus

The Company places cash dividends as the pillar of shareholder returns, and aims to continuously improve both the total dividend amount and the payout ratio, with a basic policy of "increasing dividends in line with sustainable profit growth." Based on this policy, the Company proposes a year-end dividend for the fiscal year ended on March 31, 2024 as follows.

Matters concerning the year-end dividends

(1) Type of dividend property
Cash

(2) Allotment of dividend property and the total amount
74 yen per share of common stock of the Company
Total amount of dividends: 673,988,078 yen

(3) Effective date of dividends from surplus
Tuesday, June 25, 2024

(4) Start date of dividend payment
Tuesday, July 16, 2024

(Regarding the start date of dividend payment)
Regarding the payment of year-end dividends for the fiscal year ended March 31, 2024, GLOBAL ESG STRATEGY, a shareholder of the Company, proposed "Proposal No. 5: Appropriation of surplus," and due to the time required to carry out dividend payment operations, the Company proposes setting the start date of dividend payment as Tuesday, July 16, 2024.
We apologize for the delay in payment. Thank you for your understanding.

Proposal No. 2: Election of six directors (excluding directors serving as audit and supervisory committee members)

As the term of office of all of the five directors, other than directors serving as audit and supervisory committee members, will end upon the completion of the General Meeting, the Company proposes to elect the six directors (of which two are outside directors) as set out below.

Please note that with respect to this proposal, the Company has obtained a report from the Nomination and Compensation Committee and received from the audit and supervisory committee an opinion that all of the candidates for directors are appropriate for the position based on each reason for nomination as well as the fact that they satisfy the selection criteria set forth in the policies and procedures for the nomination of candidates for directors by the board of directors.

The candidates for directors (excluding directors serving as audit and supervisory committee members) are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
1	**Yasuchika Iwasa** (February 26, 1959) **Reappointment**	Apr. 1981 Joined the Company Apr. 1986 Mold Technical Manager of the Company Apr. 2002 Overseas Sales General Manager of the Company Sep. 2008 Chairman, NIPPO (HONG KONG) LTD. Apr. 2012 Executive Officer of the Company Apr. 2013 Head of Chinese Areas and Overseas Trading of the Company Jun. 2013 Director of the Company Apr. 2014 Chief of Electronics Business Headquarters of the Company Apr. 2016 President of the Company (present position) Jun. 2019 President; Chief of Mechatronics Headquarters of the Company	■ Number of the Company's shares owned: 154,265 shares ■ Number of years in office as director: 11 years ■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%)
	Overview of activities and expected roles as a candidate for director, and reason for nomination as a candidate for director	Mr. Yasuchika Iwasa achieved the operating income, ROE, and shareholder dividend targets set in the "Mid-term Management Plan 2019" and "Mid-term Management Plan 2022," and he is working towards achieving the targets of the "Mid-term Management Plan 2025" with his strong will and leadership. He satisfies the selection criteria for directors set forth by the Company's board of directors and has the strong will and leadership necessary to achieve the targets of the "Mid-Term Management Plan 2025." In view of the above, the Company nominates him as a candidate for director again.	
	Special interest between the candidate and the Company	There is no special interest.	

(Notes)

1. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Yasuchika Iwasa is approved and passed, he will be covered by the insurance.

The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

2. The number of Company's shares owned by Mr. Yasuchika Iwasa in the table above includes the number of Company's shares owned by him through the executive stock ownership program as of March 31, 2024.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities and significant offices concurrently held</th><th></th></tr>
<tr><td rowspan="4">2</td><td>Hisatomo Mikami
(March 2, 1969)

Reappointment</td><td>Apr. 1991

Apr. 2004
Apr. 2006

Apr. 2011

Apr. 2013

Apr. 2016
Jun. 2016
Apr. 2020

Apr. 2023

Jun. 2023</td><td>Joined INAX Corporation (currently known as LIXIL Corporation)
Joined the Company
Manager of General Affairs Department, Administration Headquarters of the Company
General Manager of Corporate Planning Department of the Company
Executive Officer of the Company
Head of CSR Management Division, Corporate Headquarters of the Company
Chief of Corporate Headquarters of the Company
Director of the Company
Chief of Corporate Headquarters; in charge of Corporate Planning and New Business Development of the Company
In charge of Corporate, Corporate Planning and New Business Development of the Company
Executive Managing Director; in charge of Corporate, Corporate Planning and New Business Development of the Company (present position)</td><td rowspan="4">■ Number of the Company’s shares owned: 41,838 shares

■ Number of years in office as director: 8 years

■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%)</td></tr>
<tr><td>Overview of activities and expected roles as a candidate for director</td><td colspan="2">As Executive Managing Director in charge of Corporate, Corporate Planning and New Business Development, Mr. Hisatomo Mikami oversees accounting and finance, personnel, IT, and risk management functions for the Company and the entire Group. He is also responsible for the planning and progress management of the “Mid-term Management Plan,” as well as new business development, including alliance activities with other cooperative companies. Going forward, he will continue to play a role in linking the board of directors and business execution, as well as in resolving important management issues such as financial strategies, personnel strategies, and M&A planning.</td></tr>
<tr><td>Reason for nomination as a candidate for director</td><td colspan="2">Mr. Hisatomo Mikami satisfies the selection criteria for directors set forth by the Company’s board of directors. He has extensive experience and track record in planning and administration related to management and businesses necessary to achieve the vision, execution strategy and quantitative targets for the “Mid-term Management Plan 2025,” and is suitable as a managing executive who supports the President. In view of the above, the Company nominates him as a candidate for director again.</td></tr>
<tr><td>Special interest between the candidate and the Company</td><td colspan="2">There is no special interest.</td></tr>
</table>

(Notes)

1. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures

all directors. If the election of Mr. Hisatomo Mikami is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

2. The number of Company's shares owned by Mr. Hisatomo Mikami in the table above includes the number of Company's shares owned by him through the executive stock ownership program as of March 31, 2024.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
3	**Atsushi Nakamura** (November 10, 1969) **Reappointment**	Apr. 1994 Joined the Company Apr. 2011 Manager of First Sales Section, Electronics Business Headquarters of the Company Apr. 2014 Deputy General Manager of Second Sales Section, Electronics Business Headquarters of the Company Apr. 2015 General Manager of Second Sales Section, Electronics Business Headquarters of the Company Apr. 2016 Executive Officer of the Company Chief of Electronics Business Headquarters (currently known as Trading Headquarters) of the Company (present position) Jun. 2019 Director of the Company (present position)	■ Number of the Company's shares owned: 15,702 shares ■ Number of years in office as director: 5 years ■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%)
	Overview of activities and expected roles as a candidate for director	As Director and Chief of the Trading Headquarters, Mr. Atsushi Nakamura oversees the "Electronics" segment, and from FY2019, when he was appointed Director, to FY2023, he increased segment profit every year. At the same time, he has been working toward achieving the targets of the "Mid-term Management Plan 2025" based on the business vision of "development as a materials and components trading company with manufacturer functions." Going forward, as Director and Chief of the Trading Headquarters, he will aim for profit growth in the aforementioned segment through the incorporation of highly profitable manufacturing businesses, and will play a role in fulfilling accountability to the board of directors.	
	Reason for nomination as a candidate for director	Mr. Atsushi Nakamura satisfies the selection criteria for directors set forth by the Company's board of directors. He has extensive experience and track record in business management of the Trading Headquarters, which is necessary to achieve the vision, execution strategy and quantitative targets for the "Mid-term Management Plan 2025," and is suitable as a managing executive who supports the President. In view of the above, the Company nominates him as a candidate for director again.	
	Special interest between the candidate and the Company	There is no special interest.	

(Notes)

1. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Atsushi Nakamura is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.
2. The number of Company's shares owned by Mr. Atsushi Nakamura in the table above includes the number of Company's shares owned by him through the executive stock ownership program as of March 31, 2024.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
4	**Yuji Okajima** (December 8, 1972) **New appointment**	Apr. 1991 Joined the Company Apr. 2001 Manager of First Production Group, Ichinomiya Factory, Production Headquarters of the Company Aug. 2001 Factory Manager of Ichinomiya Factory, Production Headquarters of the Company Apr. 2011 Chief of Quality Assurance Headquarters of the Company Apr. 2013 General Manager of Manufacturing Department, Manufacturing Management Division, Mechatronics Business Headquarters of the Company Apr. 2014 Deputy Head of Division of Manufacturing Management Division, Mechatronics Business Headquarters of the Company Apr. 2016 President of NIPPO MECHATRONICS (THAILAND) CO., LTD. (present position) Executive Officer of the Company (present position) Jun. 2019 Deputy Chief of Mechatronics Headquarters of the Company Apr. 2021 Chief of Mechatronics Headquarters of the Company (present position) Apr. 2023 Chairman and President of FNA MECHATRONICS MEXICO S.A. DE C.V. (present position)	■ Number of the Company's shares owned: 2,125 shares ■ Number of years in office as director: - ■ Attendance at the board of directors meetings during the fiscal year under review: -
	Overview of activities and expected roles as a candidate for director	As Executive Officer and Chief of the Mechatronics Headquarters, Mr. Yuji Okajima oversees the two segments of "Mobility" and "Medical & Precision Devices," and from FY2021, when he was appointed Chief of the Mechatronics Headquarters, to FY2023, he worked to achieve the segment profit plan. At the same time, he has been working toward achieving the targets of the "Mid-term Management Plan 2025" while striving to "strengthen differentiated technologies" and "strengthen cost competitiveness." Going forward, as Director and Chief of the Mechatronics Headquarters, he will aim for profit growth in the aforementioned segments through the incorporation of new businesses, and will play a role in fulfilling accountability to the board of directors.	
	Reason for nomination as a candidate for director	Mr. Yuji Okajima satisfies the selection criteria for directors set forth by the Company's board of directors. He has extensive experience and track record in business management of the Mechatronics Headquarters, which is necessary to achieve the vision, execution strategy and quantitative targets for the "Mid-term Management Plan 2025," and is suitable as a managing executive who supports the President. In view of the above, the Company nominates him as a new candidate for director.	
	Special interest between the candidate and the Company	There is no special interest.	

(Notes)

1. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Yuji Okajima is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.
2. The number of Company's shares owned by Mr. Yuji Okajima in the table above includes the number of Company's shares owned by him through the executive stock ownership program as of March 31, 2024.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
5	**Masahiro Goto** (August 21, 1952) **Reappointment** **Outside** **Independent**	Apr. 1979 Registered with the Nagoya Bar Association (currently known as Aichi Bar Association) Joined Soya Fukuoka Law Office Apr. 1984 Opened Masahiro Goto Law Office (currently known as Masahiro Goto Patent and Law Office), President (present position) May 1986 Registered as a patent attorney Jun. 2020 Outside Director of the Company (present position)	■ Number of the Company's shares owned: - ■ Number of years in office as director: 4 years ■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%)
	Overview of activities and expected roles as a candidate for outside director	Mr. Masahiro Goto is a lawyer registered as a patent attorney and has extensive experience and deep insight in intellectual property strategy as well as corporate law. He actively provides opinions and suggestions regarding the "development of new products and materials," one of the measures for "building a new business model," which was set as a phase in the "Mid-Term Management Plan 2025." Going forward, he will continue to provide opinions and suggestions so that the Company's uniqueness can be refined through brushing up proprietary technologies and combining technologies with those of alliance partners. In addition, as outside director, he will play a role in improving the effectiveness of the board of directors.	
	Reason for nomination as a candidate for outside director	Although Mr. Masahiro Goto has never been involved in corporate management other than through the positions of outside director/auditor in the past, he satisfies the selection criteria for directors set forth by the Company's board of directors, and the Company would like to continue to utilize his experiences on the supervision of the management of the Company in order to achieve the vision, execution strategy and quantitative targets for the "Mid-term Management Plan 2025." Accordingly, the Company nominates him as a candidate for outside director again.	
	Special interest between the candidate and the Company	There is no special interest.	

(Notes)

1. Mr. Masahiro Goto is a candidate for an outside director. Pursuant to Article 427, Paragraph 1 of the Companies Act, if this candidate is appointed as an outside director, the Company is to continue a liability limitation agreement with him to limit his liability for damage to the higher of a predetermined amount of not less than JPY 1 million or the amount provided by laws and regulations.
   Mr. Masahiro Goto is notified as an independent director in accordance with the rules of the Tokyo Stock Exchange and Nagoya Stock Exchange. If he is elected as an outside director (excluding directors serving as audit and supervisory committee members), he will continue to be an independent director.
2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Masahiro Goto is approved and passed, he will be covered by the insurance.
   The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
6	**Yoko Dochi** (October 3, 1964) **Reappointment** **Outside**	Apr. 1987 Joined the Bank of Tokyo, Ltd. (currently known as MUFG Bank, Ltd.) Apr. 1993 Acting Manager of Finance Development Division of the Bank of Tokyo, Ltd. (currently known as MUFG Bank, Ltd.) Sep. 1996 Joined the World Bank Group Sep. 1998 Investment Officer of International Finance Corporation of the World Bank Group May 2001 Joined Toyota Motor Europe NV/SA Jan. 2013 General Manager of Investor Relations of Toyota Motor Europe NV/SA Jan. 2015 General Manager, Head of Global Treasury & Investor Relations of Toyota Motor Europe NV/SA Mar. 2018 Principal of IR & Stock Group, Finance Department of Toyota Motor Corporation Nov. 2018 Joined SoftBank Group Corp. Managing Director and Manager of Investor Relations Department, Finance Unit of SoftBank Group Corp. Feb. 2020 Managing Partner of SoftBank Group International Corp. Jun. 2020 Outside Director of the Company (present position) Jun. 2023 Outside Director of Rinnai Corporation (present position) Mar. 2024 Outside Company Auditor of Kirin Holdings Company, Limited (present post)	■ Number of the Company's shares owned: - ■ Number of years in office as director: 4 years ■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%)
	Overview of activities and expected roles as a candidate for outside director	Ms. Yoko Dochi has extensive experience and deep insight related to investor relations (IR)/environment, social and governance (ESG), and capital policy. She actively provides opinions and advice regarding revisions to the "Mid-term Management Plan," "Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives to Support Sustainable Growth," "Information Disclosure Based on TCFD Recommendations," and "Initiatives for "the Japan's Corporate Governance Code", as well as regarding domestic and international IR activities. Going forward, she will continue to play a role in providing opinions and suggestions that contribute to improving the Company's corporate value and stock value. In addition, as outside director, she will play a role in improving the effectiveness of the board of directors.	
	Reason for nomination as a candidate for outside director and expected role	Ms. Yoko Dochi satisfies the selection criteria for directors set forth by the Company's board of directors, and the Company would like to continue to utilize her experiences on the supervision of the management of the Company in order to achieve the vision, execution strategy and quantitative targets for the "Mid-term Management Plan 2025." Accordingly, the Company nominates her as a candidate for outside director again.	
	Special interest between the candidate and the Company	Although there are transactions involving the purchase and sale of molded products used in water heaters, etc. with Rinnai Corporation, where Ms. Yoko Dochi serves as outside director, there is no special interest.	

(Notes)

1. Ms. Yoko Dochi is a candidate for an outside director. Pursuant to Article 427, Paragraph 1 of the Companies Act, if she is appointed as an outside director, the Company is to continue a liability limitation agreement with her to limit her liability for damage to the higher of a predetermined amount of not less than JPY 1 million or the amount provided by laws and regulations.
2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Ms. Yoko Dochi is approved and passed, she will be covered by the insurance.
   The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

Proposal No. 3: Election of five directors serving as audit and supervisory committee members

As the term of office of all of the five directors serving as audit and supervisory committee members will end upon the completion of the General Meeting, the Company proposes to elect the five directors serving as audit and supervisory committee members (including four outside directors serving as audit and supervisory committee members) as set out below.

Please note that with respect to this proposal, the Company has obtained a report from the Nomination and Compensation Committee and received from the audit and supervisory committee an opinion that all of the candidates for directors are appropriate for the position based on each reason for nomination as well as the fact that they satisfy the selection criteria set forth in the policies and procedures for the nomination of candidates for directors by the board of directors.

The candidates for directors serving as audit and supervisory committee members are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
1	**Hiroyuki Kawabe** (April 29, 1958) **Reappointment**	Apr. 1983 Joined the Company Apr. 1996 General Manager of Development Technology Department 1, Production Headquarters of the Company Apr. 2001 Manager of Mold Engineering Section 2, Production Headquarters of the Company Aug. 2001 General Manager of Market Planning and Development Department, Production Headquarters of the Company Apr. 2003 General Manager of NIPPO (HONG KONG) LTD. (General Manager of Shenzhen Plant) Apr. 2011 Chief of Precision Device Business Headquarters of the Company Apr. 2012 Executive Officer of the Company Jan. 2014 President of NK MECHATRONICS CO., LTD. Apr. 2017 General Manager of Inazawa Office, Corporate Headquarters of the Company Jun. 2022 Director of the Company (Audit and Supervisory Committee Member) (present position)	■ Number of the Company's shares owned: 13,136 shares ■ Number of years in office as director serving as audit and supervisory committee member: 2 years ■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%) ■ Attendance at the audit and supervisory committee meetings during the fiscal year under review: 10/10 (100%)
	Overview of activities and expected roles as a candidate for director, and reason for nomination as a candidate for director	Mr. Hiroyuki Kawabe has extensive experience and deep insight in business operations and personnel and labor affairs, which he cultivated by serving as president of domestic and overseas Group companies. As chairperson of the audit and supervisory committee, he works to audit the Company and Group companies. He satisfies the selection criteria for directors and audit and supervisory committee members set forth by the Company's board of directors, and the Company would like to continue to utilize his experiences in supervising and auditing the management of the Company in order to maintain and improve the Company's governance. Accordingly, the Company nominates him as a candidate for director serving as full-time audit and supervisory committee member again.	
	Special interest between the candidate and the Company	There is no special interest.	

(Notes)

1. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Hiroyuki Kawabe is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.
2. The number of Company's shares owned by Mr. Hiroyuki Kawabe in the table above includes the number of Company's shares owned by him through the executive stock ownership program as of March 31, 2024.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant offices concurrently held	
2	**Tsutomu Umeno** (March 6, 1951) **Reappointment** **Outside** **Independent**	Sept. 1976 Joined Honda Motor Co., Ltd. Sept. 1995 President and CEO of Honda Australia Pty., Ltd. Jun. 1998 General Manager of East Asia-Oceania Division of Honda Motor Co., Ltd. Apr. 2000 Representative Director of VOLKSWAGEN Group Japan KK Jul. 2001 President and Representative Director of VOLKSWAGEN Group Japan KK Executive member of the Volkswagen AG Group May 2005 Chairman of Japan Automobile Importers Association Feb. 2008 Chairman and Representative Director of VOLKSWAGEN Group Japan KK Jul. 2009 Managing Partner of M&C Saatchi Ltd. Jun. 2010 Outside Director of Mitsui Kinzoku ACT Corporation Jun. 2015 Outside Director of SHIMOJIMA Co., Ltd. (present position) Jun. 2020 Outside Director of the Company (Audit and Supervisory Committee Member) (present position)	■ Number of the Company's shares owned: 1,274 shares ■ Number of years in office as outside director serving as audit and supervisory committee member: 4 years
	Overview of activities and expected roles as a candidate for outside director	Mr. Tsutomu Umeno has extensive management experience and deep insight cultivated at a global company, and he has actively provided opinions and advice regarding revisions to the "Mid-term Management Plan," "Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives to Support Sustainable Growth," as well as other business strategies and personnel strategies. In addition, as the head of the Nomination and Compensation Committee, he uses his natural leadership to compile standards and procedures for the appointment and dismissal of directors, as well as revisions to the executive compensation system, and reports to the board of directors. Going forward, while fulfilling his role as head of the Nomination and Compensation Committee, he will continue to play a role in improving the effectiveness of audit and supervisory committee audits, the audit and supervisory committee, and the board of directors.	■ Attendance at the board of directors meetings during the fiscal year under review: 12/12 (100%) ■ Attendance at the audit and supervisory committee meetings during the fiscal year under review: 10/10 (100%)
	Reason for nomination as a candidate for outside director	Mr. Tsutomu Umeno satisfies the selection criteria for directors and audit and supervisory committee members set forth by the Company's board of directors, and the Company would like to continue to utilize his experiences in supervising and auditing the management of the Company in order to maintain and improve the Company's governance. Accordingly, the Company nominates him as a candidate for outside director serving as audit and supervisory committee member.	
	Special interest between the candidate and the Company	There is no special interest.	

(Notes)

1. Mr. Tsutomu Umeno is a candidate for outside director. Pursuant to Article 427, Paragraph 1 of the Companies Act, if Mr. Tsutomu Umeno is appointed as an outside director, the Company is to continue a liability limitation agreement with him to limit his liability for damage to the higher of a predetermined amount of not less than JPY 1 million or the amount provided by laws and regulations.
   Mr. Tsutomu Umeno is notified as an independent director in accordance with the rules of the Tokyo Stock Exchange and Nagoya Stock Exchange. If he is elected as a director serving as an audit and supervisory committee member, he will continue to serve as an independent director.
2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Tsutomu Umeno is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.
3. The number of Company's shares owned by Mr. Tsutomu Umeno in the table above includes the number of Company's shares owned by him through the executive stock ownership program as of March 31, 2024.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities and significant offices concurrently held</th><th></th></tr>
<tr><td rowspan="4">3</td><td>Keiko Ikeda
(August 20, 1956)

Reappointment
Outside
Independent</td><td colspan="2">Apr. 1983 Registered as lawyer
Aug. 1986 Opened IKEDA LAW OFFICE (currently known as IKEDA LAW & PATENT OFFICE), Partner (present position)
Jul. 2000 Registered as a patent attorney
Apr. 2017 Chairperson of Aichi Bar Association
Vice-President of Japan Federation of Bar Associations
Apr. 2018 Chairperson of CHUBU Federation of Bar Associations
May 2019 Outside Director of Kanemi Co., Ltd.
Jun. 2019 Outside Director of CHUBU-NIPPON BROADCASTING CO.,LTD. (present position)
Jun. 2020 Outside Director of the Company (Audit and Supervisory Committee Member) (present position)
Outside Corporate Auditor of TOHO GAS Co., Ltd (present position)
May 2023 Outside Director of Kanemi Co., Ltd. (Audit and Supervisory Committee Member) (present position)</td><td rowspan="4">■ Number of the Company’s shares owned:
-

■ Number of years in office as outside director serving as audit and supervisory committee member:
4 years

■ Attendance at the board of directors meetings during the fiscal year under review:
11/12 (92%)

■ Attendance at the audit and supervisory committee meetings during the fiscal year under review:
9/10 (90%)</td></tr>
<tr><td>Overview of activities and expected roles as a candidate for outside director</td><td colspan="2">In addition to having experience as an outside director/auditor of multiple listed companies, Ms. Keiko Ikeda has extensive experience and deep insight from having been involved in corporate law as a registered patent attorney. In addition to matters related to risk management, she actively provides opinions and suggestions regarding the importance of human capital investment in employees, who are the source of the Company’s strength. Going forward, she will continue to play a role in providing opinions and suggestions that contribute to initiatives to enhance medium- to long-term corporate value and ESG initiatives to support sustainable growth. As an outside director, she will play a role in improving the effectiveness of audit and supervisory committee audits, the audit and supervisory committee, and the board of directors.</td></tr>
<tr><td>Reason for nomination as a candidate for outside director</td><td colspan="2">Although Ms. Keiko Ikeda has never been involved in corporate management other than through the positions of outside director/auditor in the past, she satisfies the selection criteria for directors and audit and supervisory committee members set forth by the Company’s board of directors, and the Company would like to continue to utilize her experiences in supervising and auditing the management of the Company in order to maintain and improve the Company’s governance. Accordingly, the Company nominates her as a candidate for outside director serving as audit and supervisory committee member.</td></tr>
<tr><td>Special interest between the candidate and the Company</td><td colspan="2">There is no special interest.</td></tr>
</table>

(Notes)

1. Ms. Keiko Ikeda is a candidate for outside director. Pursuant to Article 427, Paragraph 1 of the Companies Act, if Ms. Keiko Ikeda is appointed as an outside director, the Company is to continue a liability limitation agreement with her to limit her liability for damage to the higher of a predetermined amount of not less than JPY 1 million or the amount provided by laws and regulations.
   Ms. Keiko Ikeda is notified as an independent director in accordance with the rules of the Tokyo Stock Exchange and Nagoya Stock Exchange. If she is elected as a director serving as an audit and supervisory committee member, she will continue to serve as an independent director.
2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Ms. Keiko Ikeda is approved and passed, she will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities and significant offices concurrently held</th><th></th></tr>
<tr><td rowspan="4">4</td><td rowspan="2">Teiichi Gamo
(March 31, 1957)

Reappointment
Outside
Independent</td><td>Apr. 1975
Jul. 2005
Jul. 2007
Jul. 2010

Jul. 2011

Jul. 2012
Jul. 2013

Jul. 2014

Jul. 2015

Jul. 2016

Aug. 2017

Apr. 2020

Jun. 2020
</td><td>Joined Nagoya Regional Taxation Bureau
Deputy District Director of Omori Tax Office
Assistant Judge of Nagoya Regional Tax Tribunal
Director of Office of Public Relations, Planning and Administration Department of Nagoya Regional Taxation Bureau
Manager of Consumption Tax Division, Taxation Department II of Nagoya Regional Taxation Bureau
District Director of Ise Tax Office
Manager of Corporate Taxation Section, Taxation Department II of Nagoya Regional Taxation Bureau
Manager of Planning and Administration Section, Planning and Administration Department of Nagoya Regional Taxation Bureau
Deputy Assistant Regional Commissioner of Planning and Administration Department of Nagoya Regional Taxation Bureau
Manager of Collection Department of Nagoya Regional Taxation Bureau
Registered as certified tax accountant
Opened Teiichi Gamo Certified Tax Accountant Office, President (present position)
Outside Auditor, Niwayoshi, Co., Ltd. (present position)
Outside Director of the Company (Audit and Supervisory Committee Member) (present position)</td><td rowspan="4">■ Number of the Company’s shares owned:
-

■ Number of years in office as outside director serving as audit and supervisory committee member:
4 years

■ Attendance at the board of directors meetings during the fiscal year under review:
12/12 (100%)

■ Attendance at the audit and supervisory committee meetings during the fiscal year under review:
10/10 (100%)</td></tr>
<tr><td>Overview of activities and expected roles as a candidate for outside director</td><td colspan="2">Mr. Teiichi Gamo has extensive experience and deep insight from having been involved in corporate taxation as a certified tax accountant. He actively provides opinions and suggestions on matters related to risk management, including tax procedures related to business downsizing and withdrawal in line with business portfolio policies, as well as business expansion in which management resources are invested. Going forward, he will continue to play a role in providing opinions and suggestions that contribute to initiatives to enhance medium- to long-term corporate value and ESG initiatives to support sustainable growth. As an outside director, he will play a role in improving the effectiveness of audit and supervisory committee audits, the audit and supervisory committee, and the board of directors.</td></tr>
<tr><td>Reason for nomination as a candidate for outside director</td><td colspan="2">Although Mr. Teiichi Gamo has never been involved in corporate management other than through the positions of outside director/auditor in the past, he satisfies the selection criteria for directors and audit and supervisory committee members set forth by the Company’s board of directors, and the Company would like to continue to utilize his experiences in supervising and auditing the management of the Company in order to maintain and improve the Company’s governance. Accordingly, the Company nominates him as a candidate for outside director serving as audit and supervisory committee member.</td></tr>
<tr><td>Special interest between the candidate and the Company</td><td colspan="2">There is no special interest.</td></tr>
</table>

(Notes)

1. Mr. Teiichi Gamo is a candidate for outside director. Pursuant to Article 427, Paragraph 1 of the Companies Act, if Mr. Teiichi Gamo is appointed as an outside director, the Company is to continue a liability limitation agreement with him to limit his liability for damage to the higher of a predetermined amount of not less than JPY 1 million or the amount provided by laws and regulations.
   Mr. Teiichi Gamo is notified as an independent director in accordance with the rules of the Tokyo Stock Exchange and Nagoya Stock Exchange. If he is elected as a director serving as an audit and supervisory committee member, he will continue to serve as an independent director.
2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Teiichi Gamo is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities and significant offices concurrently held</th><th></th></tr>
<tr><td rowspan="4">5</td><td>Hirokazu Tamaoki
(May 5, 1962)

New appointment
Outside
Independent</td><td>Apr. 1986

Oct. 1991

Mar. 1995
Jul. 1997
Jul. 2002
May 2003
Jun. 2005
Nov. 2007

Apr. 2010</td><td>Joined Asahi Glass Co., Ltd. (currently known as AGC Inc.)
Joined Deloitte Touche Tohmatsu (currently known as Deloitte Touche Tohmatsu LLC)
Registered as a certified public accountant
Director of Tamaoki CPA Office (present position)
Joined Sakae Audit Corporation
Member of Sakae Audit Corporation
Outside Director of Taitec Corporation
Representative Member of Sakae Audit Corporation (present position)
Outside Director of Techno Horizon Co., Ltd.</td><td rowspan="4">■ Number of the Company’s shares owned:
-

■ Number of years in office as outside director serving as audit and supervisory committee member:
-

■ Attendance at the board of directors meetings during the fiscal year under review:
-

■ Attendance at the audit and supervisory committee meetings during the fiscal year under review:
-</td></tr>
<tr><td>Overview of activities and expected roles as a candidate for outside director</td><td colspan="2">Mr. Hirokazu Tamaoki has been engaged in Financial Instruments Exchange Act audits and Companies Act audits for many years at an accounting firm that is an accounting auditor, and he has extensive experience and deep insight into corporate accounting. As an outside director serving as audit and supervisory committee member, the Company expects him to use his expertise in auditing the initiatives of numerous listed companies as an accounting auditor to discover potential issues within the Company and proactively provide opinions and suggestions towards resolving them. He is also expected to provide opinions and suggestions regarding operational improvements to improve accounting efficiency through audit and supervisory committee audits of the Company and Group companies.</td></tr>
<tr><td>Reason for nomination as a candidate for outside director</td><td colspan="2">Although Mr. Hirokazu Tamaoki has never been involved in corporate management other than through the positions of outside director/auditor in the past, he satisfies the selection criteria for directors and audit and supervisory committee members set forth by the Company’s board of directors, and the Company would like to utilize his experiences in supervising and auditing the management of the Company in order to maintain and improve the Company’s governance. Accordingly, the Company nominates him as a candidate for outside director serving as audit and supervisory committee member.</td></tr>
<tr><td>Special interest between the candidate and the Company</td><td colspan="2">There is no special interest.</td></tr>
</table>

(Notes)

1. Mr. Hirokazu Tamaoki is a candidate for outside director. Pursuant to Article 427, Paragraph 1 of the Companies Act, if Mr. Hirokazu Tamaoki is appointed as an outside director, the Company is to enter into a liability limitation agreement with him to limit his liability for damage to the higher of a predetermined amount of not less than JPY 1 million or the amount provided by laws and regulations.
   Mr. Hirokazu Tamaoki meets the requirements for an independent director as stipulated by the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the Company, and the Company plans to notify him to both

exchanges as an independent director.

2. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract that insures all directors. If the election of Mr. Hirokazu Tamaoki is approved and passed, he will be covered by the insurance. The insurance covers any damages that may result from the insured directors, being liable for the performance of their duties or being subject to a claim for the pursuit of such liability.
   However, there are certain exemptions that claims for damages caused by intent or gross negligence are not covered.

Reference: Composition of Officers (after June 25, 2024)

The table below shows the skills (expertise and experience) required by the board of directors in order to increase the Company's corporate value over the medium- to long-term.

		Board of Directors						Audit and Supervisory Committee Members				
Name / Skills (expertise and experience)		Yasuchika Iwasa	Hisatomo Mikami	Atsushi Nakamura	Yuji Okajima	Masahiro Goto	Yoko Dochi	Hiroyuki Kawabe	Tsutomu Umeno	Keiko Ikeda	Teiichi Gamo	Hirokazu Tamaoki
Management Strategy		●	●						●			
Business strategy	Sales & Marketing	●		●				●	●			
	Production and technology development	●			●			●	●			
	Global	●		●	●		●	●	●			
Accounting, Finance, Tax			●				●				●	●
Investor relations, ESG							●					
Personnel & Labor, Human Resources Development		●	●	●	●			●	●			
Legal Affairs, Intellectual Property, Risk Management			●			●		●		●		

Proposal No.4: Continuation of response policies to large-scale purchases of the company's shares (Takeover Response Policies)

For the purpose of the protection and enhancement of the corporate value of the Company and eventually to the shareholders' common interests, the Company determined a basic policy regarding persons who control decisions on the Company's financial and business policies (as provided in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act; the "Basic Policy") and introduced its plan for countermeasures to large-scale purchases of the shares or other equity securities of the Company (the "Company Shares") (as described below; the "Existing Plan") as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed as inappropriate (Article 118, Item 3(b)(2) of the Ordinance for Enforcement of the Companies Act) under the Basic Policy at its board of directors (the "Board") meeting held on April 23, 2019, and the Existing Plan was most recently approved to continue until the conclusion of the 73rd Ordinary General Meeting of Shareholders at the 72nd Ordinary General Meeting of Shareholders held on June 23, 2023.

The Company has been reviewing whole concept of the Existing Plan including the necessity to continue it from the viewpoint of the protection and enhancement of the corporate value of the Company and the shareholders' common interests, taking into consideration the court cases and trends in actual practice and discussion related to the takeover response policies after the introduction and continuation of the Existing Plan, including the content of "Guidelines for Corporate Takeovers: Enhancing Corporate Value and Securing Shareholders' Interests", which was published by the Ministry of Economy, Trade and Industry on August 31, 2023 (the "Guidelines for Corporate Takeovers") . As a result, the Company reached the conclusion that continuation of the Existing Plan is necessary in order to ensure that a process is in place to have a large-scale purchaser provide information and allow the Board to consider and assess the proposed purchase, and to prevent any damages to the NIPPO group (the "Group")'s corporate value and shareholders' common interests, and resolved at the Board meeting held on May 21, 2024 that the Existing Plan shall continue with necessary amendments subject to the approval of the shareholders at the General Meeting (such continued Existing Plan shall be hereinafter called the "Plan") and, the proposal regarding the Plan shall be submitted to the General Meeting by the unanimous consent by all the directors of the Company including its independent outside directors. The content of the Plan has been revised mainly regarding the following points, in addition to some amendments and arrangements in wordings of the Existing Plan, in consideration of the Guidelines for Corporate Takeovers.

(i) Regarding the Independent Committee, whose advice is to be respected at the Board as much as possible, it has been decided to include the statement into the Independent Committee Rules that the Independent Committee consists of independent outside directors;

(ii) It has been decided that, when the Purchaser is in compliance with the procedures pursuant to the Plan and the Board intends to resolve to implement countermeasures, a general meeting of shareholders shall be convened to take a resolution regarding whether or not to do that.

All of the five directors and audit and supervisory committee members including four outside directors and audit and supervisory committee members have attended such Board meeting and agreed with the continuation of the takeover response policies under the Plan. All of the current members of the Independent Committee, which consists of outside directors, have also agreed with the continuation of the takeover response policies under the Plan.

If approved at the General Meeting, such effective term may be extended until the conclusion of the ordinary shareholders' meeting for the last business year which will end within 1 year from the General Meeting.

Accordingly, the Company proposes the continuation of the Plan to be approved by the shareholders.

Response Policies to Large-scale Purchases of Company Shares (Takeover Response Policies)

I. Basic Policy regarding Persons who Control Decisions on the Company's Financial and Business Policies

As an organ of a company with its stock listed on a financial instruments exchange, the Board respects free trading of the shares in the Company on the market and does not categorically reject a large-scale purchase of the shares in the Company by a particular party as long as it contributes to the protection and enhancement of the corporate value of the Group and eventually to shareholders' common interests. The Company also believes that the decision on whether or not to accept a proposal for a large-scale purchase of shares should be ultimately made by the shareholders and it is therefore essential that the necessary information is provided to the shareholders and that the transparency and fairness are ensured.

However, there may be a proposal for a large-scale purchase of shares which could undermine the Group's corporate value and eventually, shareholders' common interests by, for instance, preventing the Group from maintaining a good relationship with its stakeholders. It is also possible that some of such proposals do not fully reflect the Group's value or do not provide sufficient information required for our shareholders to make a final decision.

The Board believes that upon receipt of such proposals for large-scale purchases of shares, it must, as it has a duty to ensure the common interests of shareholders, secure necessary time and information and negotiate with the proposers on behalf of shareholders.

II. Special Efforts to Implement the Basic Policy

(1) Efforts to enhance the corporate value

Established in March 1952, the Company started its trading business (the "Trading Business") as a dealership of the chemical product division (currently known as Resonac Corporation) of Hitachi, Ltd. The Company's trade area extended to Nagoya and Tokyo in line with the development of the Hitachi group, when, in July 1968, the Company launched the resin molding business following the evolution of chemical technology and the resulting development of resin materials with the catchphrase "light, strong, heavy-duty and non-perishable." Since then, the Company has engaged in these two original businesses.

With its bases located in Japan, the Chinese areas and the ASEAN trade area, where the Company expanded its trading sphere as a dealership of Resonac Corporation and the Resonac Group, the Trading Business is currently putting efforts into "networking with unique partner companies" and "technical and other education of our employees" with the objective of creating our competitive edge in the commercial distribution to our customers.

Meanwhile, the resin molding business has broadened its business field from OA/DI parts in the category of household appliances to automobile parts and medical equipment. Its technological field has also expanded from resin-only molding to printing, assembling, inserting of other materials, and coiling (winding). With a view to creating our competitive edge in the commercial distribution to our customers, the resin molding business, with its bases located in Japan and the ASEAN trade area, is currently promoting the introduction of "full and semi-automated production lines" in anticipation of a sharp rise in labor costs and shortage of workers in Japan that could occur in the near future.

The Company initiatives to improve its corporate value in the future will be as follows: (i) in the Trading Business, the Company will further promote the "networking with unique partner companies" that has been carried out, seek to build up concrete results of new product development, and expand its product lineup by strengthening its manufacturer functions mainly in line with its business vision of "developing as a material and component trading company with manufacturing functions;" and (ii) in

the resin molding business, the Company will promote, among others, further advancement of horizontal transfer to the group companies of the Company's full and semi-automated production lines, which the Company has achieved after overcoming high technological obstacles, strengthening of differentiating technologies of "electric characteristics and reliability evaluation technology" and "resin-dissimilar material joining/inserting technology," and establishment of a domestic contract production system for medical equipment parts.

In addition to those efforts, the Company will continue its efforts towards compliance, which it has identified as an issue of ESG materiality, and will work to strengthen its governance system based on the recommendations of the TCFD (Task Force on Climate-related Financial Information Disclosures) to address climate change, thus protecting and enhancing the Company's corporate value and eventually, shareholders' common interests.

(2) Reinforcement of Corporate Governance

The Company has advanced the following initiatives with the belief that solid corporate governance is essential to gain unwavering trust from its stakeholders:

(Corporate governance system)

Regarding corporate governance as a "framework to check the lawfulness and efficiency of the management on behalf of shareholders," the Company has developed the system of supervision and audit of the execution of duties by directors by establishing the shareholders' meeting, the board of directors, the audit and supervisory committee, the representative director and the accounting auditors, as the most appropriate framework. In addition, with the establishment of "Basic Concept of Internal Control System" and "Framework for Promotion of Internal Control System," the Company has developed a system required to ensure the appropriateness of the operations of the corporate group comprising the Company and its affiliates.

The Board meetings are held at least once in two months, in principle. Before being reported to the Board, material management matters are fully discussed at the management strategy meeting composed of full-time directors (including the chairperson of the audit and supervisory committee).

The audit and supervisory committee consists of four audit and supervisory committee members (one full-time audit and supervisory committee member and three outside directors serving as audit and supervisory committee members). The committee meets at least once in two months, in principle, to discuss and adopt resolutions on material management matters, the results of the audit by the audit and supervisory committee members and the internal audit as well as the results of audit by the accounting auditors, among other things.

(Internal audit and audit by the audit and supervisory committee members)

The Company's Internal Audit Division, a division under the president's direct control, investigates, on a regular and irregular (extraordinary) basis, whether or not the internal operations are conducted in due compliance with the Company's rules and regulations, and reports the results of such audit to the president and the chairperson of the audit and supervisory committee. In addition, the Internal Audit Division points out any problems identified and issues recommendations for improvement to the audited divisions.

The audit and supervisory committee members attend the Board meetings and other important meetings to audit the status of execution of duties by the full-time directors (excluding the audit and supervisory committee members), and conduct audits on full-time directors (excluding audit and supervisory committee members), executive officers, managers and employees, when necessary.

(Other efforts)

In addition to the above, the Company has worked on improving corporate governance based on its latest corporate governance code.

III. Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed as Inappropriate under the Basic Policy

1. Purpose of the Plan

The Plan is in line with the Basic Policy stated in I. above for the purpose of protecting and enhancing the Company's corporate value and eventually, shareholders' common interests. It aims to clearly set the rules that should be observed by the persons intending to make large-scale purchases of the Company Shares. Also, it aims to secure necessary and sufficient information and time for the shareholders to make appropriate decisions as well as the opportunity to negotiate with the persons intending to make large-scale purchases.

Effective as of the close of the 58th ordinary general meeting of shareholders held on June 29, 2009, the Company abolished the "basic policy regarding persons who control decisions on the Company's financial and business policies" introduced at the 56th ordinary general meeting of shareholders of the Company held on June 28, 2007 (the "Former Plan"). However, under the current Japanese capital market and legal system, we still cannot deny the possibility that there may be a large-scale purchase that would impair the Group's corporate value and shareholders' common interests, such as a purchase without granting sufficient time and information to a target company or its shareholders or a purchase for the purpose of gaining an unfair advantage at the expense of ordinary shareholders.

To be specific, under the Financial Instruments Exchange Act, which took effect on September 30, 2007, any person who has acquired shares for the purpose of making important suggestions with the intention of participating in the management of the issuer may not use the special reporting system and is required to submit a large-volume holding report within five business days. In addition, upon the launch of a tender offer, the target issuer company may request an "extension of the tender offer period" and exercise the "right to ask questions." Nevertheless, even under these legal systems, it is impossible to legally secure the provision of information and time for consideration and negotiation opportunities before the launch of a tender offer and to legally restrict the accumulation of shares through buying in the market. Thus, one cannot deny that these legal systems may not necessarily function effectively against large-scale purchases of shares that could impair the corporate value of a listed company and eventually, shareholders' common interests.

Coming to another point, since the abolishment of the Former Plan, the Company has selected the automobile, medical precision equipment and electronics markets as our growth areas. In 2018, the Company formulated three long-term visions which corresponded to each of the growth areas, namely, (i) establishment of technologies for mass production of critical automobile security parts with molded products as the core, (ii) expansion of contract manufacturing of medical precision equipment with a focus on disposable products, and (iii) search and provision of next-generation products in various business areas, with special emphasis on electronic parts. Furthermore, in 2020, the Company developed them into the long-term visions of what the Company is expected to be upon the expiration of the Mid-term Management Plan 2028, namely, (i) evolution from a Tier 2 manufacturer to a Tier 1.5 manufacturer, (ii) development as an OEM manufacturer of medical precision equipment components, and (iii) development as a materials and components trading company with manufacturer functions. Based on these visions, the Company is continuously striving to develop products that fit with these growth areas. In these growth areas, where we are required to develop products that better cater to clients' specific needs, the Company and its customers work in close partnership and exchange technical and other confidential information. As a result, the Company has come to possess far more amount of customers'

technical and other confidential information than it did before the abolishment of the Former Plan. If a large-scale purchase of the Company Shares is executed without sufficient consideration, the resulting transfer of control, coupled with the risk of leakage of such confidential information, could seriously damage the good relationships between the Company and its stakeholders, including such customers.

Such circumstances have not changed since last year, throughout which the Existing Plan continued. The Company renewed the consideration of the necessity of countermeasures against such large-scale purchases, and reached a conclusion that it is necessary to further continue the countermeasures against large-scale purchases in order to ensure that a process is in place to have a large-scale purchaser provide information and allow the Board to consider and assess the proposed purchase, and to prevent any damages to the Group's corporate value and shareholders' common interests. The Company believes that continuation of such countermeasures is necessary and effective to eliminate, as much as possible, large-scale purchases that would not be beneficial to the Group's corporate value and shareholders' common interests. The Company also believes that the Plan ensures that necessary information and time for consideration as well as negotiation opportunities will be provided before the start of a large-scale purchase and contributes to the maintenance and improvement of our corporate value and shareholders' common interests.

2. Plan Details

As described below, the Plan establishes the rules that a person seeking to make a large-scale purchase of the Company Shares should observe, requires the compliance with such rules, and specifies the countermeasures to be triggered in the case where a person intending to make a large-scale purchase fails to comply with the Plan or where the large-scale purchase is found to be detrimental to the Group's corporate value and eventually, to shareholders' common interests. An appropriate disclosure of the Plan provides shareholders, investors or any person seeking to make a large-scale purchase of the Company Shares with sufficient predictability or motivation to make prudent investment decisions, preventing a large-scale purchase of the Company's Shares in advance that could impair the Group's corporate value and shareholders' common interests.

The status of the Company's large shareholders as of March 31, 2024 is as shown in Exhibit 1. At the moment, the Company has not received any specific proposal for a large-scale purchase of the Company Shares.

(1) Procedures under the Plan

(A) Large-Scale Purchase subject to the Plan

The Plan covers purchases of the Company Shares or any similar acts that fall under any of (i) through (iii) below (excluding those that have been approved by the Board; any such act is hereafter referred to as the "Large-Scale Purchase"). A person making or intending to make a Large-Scale Purchase (the "Purchaser") must follow the procedures predetermined in the Plan.

(i) A purchase or other acquisition[1] of the shares, etc.[2] issued by the Company that would result in the holding ratio of shares, etc.[3] of any particular shareholder of the Company amounting to

[1] Including the holding of a claim for delivery of shares, etc. under a purchase and sale or other agreement, and the conduct of any of the transactions provided in Article 14-6 of the Order for Enforcement of the Financial Instruments Exchange Act. In the event of any amendment (including a change of the name of any law or regulation, and enactment of a new law or regulation succeeding to the old one) to any of the laws or regulations cited in the Plan, the provisions of the relevant law or regulation cited in the Plan shall be replaced by the provisions of a law or regulation that effectively succeed to such provisions after the amendment, unless otherwise specified by the Board.

[2] This term means the "Share Certificates, etc." as set forth in Article 27-23, Paragraph 1 of the Financial Instruments Exchange Act. Hereinafter the same applies unless otherwise indicated.

[3] This term means the "Ownership Ratio of Share Certificates, etc." as set forth in Article 27-23, Paragraph 4 of the Financial Instruments Exchange Act. Hereinafter the same applies unless otherwise indicated.

20% or more of such shares, etc.;

(ii) A purchase or other acquisition[4] of the shares, etc.[5] issued by the Company that would result in the total of the holding ratio of shares, etc.[6] of a particular shareholder of the Company and the holding ratio of shares, etc. of the specially related parties[7] of such particular shareholder amounting to 20% or more of such shares, etc.; and

(iii) Irrespective of whether or not any of the acts provided in (i) and (ii) above has taken place, any agreement or other act between a particular shareholder of the Company and any other shareholder of the Company (as used in this (iii), "other shareholder" includes "other shareholders") that will render such other shareholder(s) a joint holder or joint holders of such particular shareholder, or any act that will establish a relationship between such particular shareholder and such other shareholder(s)[8] whereby one of them substantially controls the other, or they act jointly or concertedly[9] (however, limited to cases where the aggregated holding ratio of shares, etc. issued by the Company of such particular shareholder and that of such other shareholder(s) amounts to 20% or more).

(B) Prior Submission of Statement of Intention to the Company

Prior to initiating a Large-Scale Purchase, a Purchaser will be required to submit to the Board a written statement in Japanese containing a pledge by the Purchaser to comply with the procedures

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However, for the purpose of calculation of such holding ratio of shares, etc., (a) a Specially Related Party as defined in Article 27-2, Paragraph 7 of the said Act, and (b) an investment bank, securities company or other financial institution that has entered into a financial advisory agreement with such particular shareholder, or a tender offer agent or securities company acting as the lead manager for such particular shareholder (collectively, the "Contracted Financial Institutions") are deemed to be joint holders (meaning the Joint Holders as defined in Article 27-23, Paragraph 5 of the Financial Instruments Exchange Act; including those whom the Board finds to be deemed joint holders under Paragraph 6 of the said Article; hereinafter the same.) with such particular shareholder under the Plan. For the purpose of calculation of such holding ratio of shares, etc., the total number of issued shares in the Company may be determined by reference to the latest information published by the Company.

[4] "Purchase and other acquisition" includes purchases or other types of acceptance of a transfer for value, and transactions analogous to the acceptance of a transfer for value as provided in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments Exchange Act.

[5] This term means the "Share Certificates, etc." as set forth in Article 27-2, Paragraph 1 of the Financial Instruments Exchange Act. The same applies in (ii).

[6] This term means the "Share Certificates, etc. Holding Rate" as set forth in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act; hereinafter the same applies unless otherwise indicated. For the purpose of calculation of such shareholding rate, the total number of voting rights of the Company may be determined by reference to the latest information published by the Company.

[7] This term means the Specially Related Party as defined in Article 27-2, Paragraph 7 of the Financial Instruments Exchange Act. However, among the persons listed in Item 1 of the said Paragraph, those provided in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers are excluded from the "specially related parties." For the purpose of the Plan, (i) the joint holder and (ii) the Contracted Financial Institutions are deemed to be specially related parties of the relevant shareholder. Hereinafter the same applies unless otherwise indicated.

[8] The determination of whether or not "a relationship between such particular shareholder and such other shareholder(s) whereby one of them substantially controls the other, or they act jointly or concertedly" has been established shall be made based on, among others, (i) whether substantive interests in the Company Shares have been formulated through a new capital contribution relationship, business alliance relationship, transactional or contractual relationship, interlocking directorate, funding relationship, credit facility relationship, derivatives, stock lending or otherwise; and (ii) the direct or indirect influences that such particular shareholder and such other shareholder(s) would have on the Company.

[9] The determination of whether or not the act prescribed in (iii) of the body text has taken place shall be made by the Board in accordance with the recommendations from the Independent Committee. The Board may request the shareholders of the Company to provide information to the extent it is necessary for the determination as to whether any act satisfies the said requirements under (iii).

set forth in the Plan in making a Large-Scale Purchase (the "Statement of Intention") in the form prescribed by the Company.

Specifically, the Statement of Intention must contain the following information:

(i) Outline of the Purchaser
  (a) Name and address/location of the Purchaser;
  (b) Name and title of the representative;
  (c) Purposes of the company/entity and description of its business;
  (d) Outline of large shareholders or large investors (top ten holders/investors by shareholding or investment ratio);
  (e) Contact information in Japan; and
  (f) The law governing the establishment of the Purchaser

(ii) The number of the Company Shares already held by the Purchaser, and the status of transactions of the Company Shares by the Purchaser during the 60 days prior to the submission of the Statement of Intention; and

(iii) Outline of the Large-Scale Purchase proposed by the Purchaser (including the type and number of the Company Shares to be acquired by the Purchaser by way of the Large-Scale Purchase, and the purpose of the Large-Scale Purchase (where the purpose is the acquisition of control or participation in the management, pure investment or policy investment, the transfer of the Company Shares to a third party following the Large-Scale Purchase, or the making of important suggestions[10] or the like, the Statement of Intention must state to that effect and specify the details. If there are two or more purposes, all of them must be stated in the Statement of Intention.)).

(C) Provision of Necessary Information

After the submission of the Statement of Intention mentioned in (B) above, the Purchaser will be required to provide the Company with information in Japanese that is necessary and sufficient for shareholders and investors to make a judgment on the Large-Scale Purchase and for the Board to assess and consider the same (the "Necessary Information") in accordance with the procedures described below.

Within ten Business Days[11] following the date of receipt of the Statement of Intention, the Company will send to the Purchaser, at the address provided in the contact information in Japan under (B)(i)(e) above, an information list stating the information items that should be initially provided. Then the Purchaser will be required to submit to the Company sufficient information in accordance with the information list.

If the Board reasonably determines, in light of the substance and manner of, and other circumstances surrounding the Large-Scale Purchase, that the information provided by the Purchaser in accordance with the information list is insufficient for shareholders and investors to make a judgment or for the Board to assess and consider the proposed purchase, the Purchaser will be required to provide additional information to be separately requested by the Board.

Irrespective of the substance and manner of, or other circumstances surrounding the Large-Scale Purchase, the following information items will be included in the information list, in principle:

(i) Details (including history, specific name, capital structure, business description, financial condition, and name and occupational career of officers, etc.) of the Purchaser and its group (in

[10] Meaning the important suggestions as set forth in Article 27-26, Paragraph 1 of the Financial Instruments Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments Exchange Act, and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-Volume Holdings in Share Certificates.

[11] "Business day" means any day other than the days listed in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. Hereinafter the same applies.

the event of a joint holder, specially related party or fund, including each of its partners and other members);

(ii) Purposes (details of purposes disclosed in the Statement of Intention), method and details (including whether or not the Purchaser has the intention to participate in management, type and amount of consideration for the Large-Scale Purchase, timing of the Large-Scale Purchase, structure of the related transactions, the number of shares to be purchased and the ownership percentage after such purchase, and legality of the method of the Large-Scale Purchase) of the Large-Scale Purchase;

(iii) Basis of calculation of consideration for the Large-Scale Purchase (including basic facts for the calculation, calculation method, numerical data used for the calculation and details of the synergy expected to be generated by a series of transactions related to the Large-Scale Purchase and, if opinions of any third party have been heard upon the calculation, the name of such third party, summary of such opinions and how the amount was determined based on such opinions);

(iv) Proof of funds for the Large-Scale Purchase (including the specific name of the provider of funds (including substantial provider), method of raising funds, and details of related transactions);

(v) Whether or not there is communication on intention with a third party in relation to the Large-Scale Purchase and, if there is such communication, details thereof and summary of such third party;

(vi) If there is any lease agreement, security agreement, repurchase agreement, purchase/sale option, or any other material agreement or arrangement in relation to the Company Shares already held by the Purchaser (the "Security Agreement, etc."), specific details of such Security Agreement, etc. including the type of such agreement, counterparty, and the quantity of shares subject to such agreement;

(vii) If the Security Agreement, etc. is scheduled to be concluded in relation to the Company Shares which the Purchaser plans to purchase in the Large-Scale Purchase or any other agreement is planned to be made with a third party, specific details of such agreement including the type of such agreement planned to be made, counterparty, and the quantity of shares subject to such agreement;

(viii) Management policy, business plan, capital policy and dividend policy of the Company and the Company's group after the Large-Scale Purchase;

(ix) Policy on treatment, etc. of the Company's employees, trading partners, customers and community, and any other interested party of the Company after the Large-Scale Purchase; and

(x) Specific measures for avoiding conflicts of interest with other shareholders of the Company.

The Board will appropriately disclose the fact that the Large-Scale Purchase has been proposed by the Purchaser, and promptly disclose the summary of such proposal, summary of the Necessary Information and any other information (if any) which is deemed to be necessary for shareholders or investors to make their decisions.

In addition, when the Board determines that the provision of the Necessary Information by the Purchaser has been made sufficiently, it will notify the Purchaser thereof (the "Completion Notice") and promptly disclose such fact.

(D) Setting, etc. of Board Assessment Period

After giving the Completion Notice, the Board will set, with the immediately following date as the first day for calculation, either of the periods mentioned in (i) or (ii) below, according to the degree of difficulty, etc. of assessment of the Large-Scale Purchase, as the period for the assessment, consideration, negotiation, formation of opinions and planning of alternatives by the Board (the "Board Assessment Period"), and promptly disclose it. Unless otherwise provided for in the Plan,

the Large-Scale Purchase shall be commenced only after the lapse of the Board Assessment Period.

(i) In the event of tender offer for all of the Company Shares only in consideration for cash (JPY), 60 days at a maximum; or

(ii) In any other event of the Large-Scale Purchase, 90 days at a maximum.

Provided, however, that in the event of either (i) or (ii) above, only if the Board deems it reasonably necessary, the Board Assessment Period may be extended (for 30 days at a maximum), in which case the Company will notify the Purchaser of such extended period and the specific reason for such extension, as well as disclose them to its shareholders and investors.

The Board shall fully assess and consider the Necessary Information provided by the Purchaser during the Board Assessment Period, with the advice of outside experts according to need, and consider and examine the details of the Large-Scale Purchase to be made by the Purchaser for the purposes of protection and enhancement of corporate value and shareholders' common interests of the Company. Through such consideration, etc., the Board will gather its opinion on the Large-Scale Purchase with due care, notify the Purchaser thereof, and disclose them to shareholders and investors in a timely and appropriate manner.

In addition, the Board will negotiate with the Purchaser in relation to the conditions and method of the Large-Scale Purchase according to need and, furthermore, the Board may present an alternative to shareholders and investors.

(E) Independent Committee's Advice on Triggering of Countermeasures

Under the Plan, upon triggering or non-triggering of countermeasures, the Independent Committee shall be established as a body to eliminate the Board's arbitrary judgment and secure objectivity and rationality of the Board's judgment and responses, and it shall give advice to the Board on whether or not to trigger countermeasures. The Independent Committee shall only consist of the Company's outside directors (including audit and supervisory committee members), who are independent of the Company's executive management team, in accordance with the Independent Committee Rules (see Exhibit 2 for summary). If the continuation of the takeover response policies under the Plan is approved at the General Meeting, the Company is to elect, at its first Board meeting held after the General Meeting, the three members listed in Exhibit 3 as members of the Independent Committee, on the condition that such three members are elected as outside directors at the General Meeting.

The Independent Committee shall give advice to the Board on whether or not to trigger countermeasures during the Board Assessment Period in accordance with the following procedures, in parallel with the assessment, consideration, negotiation, formation of opinions and planning of alternatives by the Board as described in (D) above. In this regard, for the purpose of ensuring that the Independent Committee's judgment will be made for protecting and enhancing corporate value and shareholders' common interests of the Company, the Independent Committee may, at the Company's expense, obtain advice from outside experts (including investment banks, security companies, financial advisers, certified public accountants, lawyers, consultants and other experts), who are independent of the Company's executive management team.

When the Independent Committee has given advice set forth in (i) or (ii) below to the Board, the Board will promptly disclose the fact and summary of such advice and other matters which the Board considers appropriate.

(i) The Purchaser has failed to perform the procedures set forth in the Plan:

In the event that the Purchaser has violated the procedures set forth in the Plan in any material respect, if such violation is not cured within 5 Business Days from (and excluding) the date on which the Board demanded such Purchaser to cure such violation in writing, then

the Independent Committee will give advice to the Board to trigger countermeasures in principle, unless it is obvious that it is necessary not to trigger such countermeasures for the purposes of protection and enhancement of corporate value and shareholders' common interests of the Company or otherwise there are special circumstances.

(ii) The Purchaser has performed the procedures set forth in the Plan:

In the event that the Purchaser has performed the procedures set forth in the Plan, the Independent Committee will give advice to the Board not to trigger countermeasures in principle.

Provided, however, that even if compliance with the procedures set forth in the Plan has been made, when, for example, such Purchase is considered to significantly impair the corporate value and shareholders' common interests of the Company due to any events listed in (a) to (j) below and it is determined reasonable to trigger countermeasures, then the Independent Committee may exceptionally give advice the Board to trigger countermeasures.

(a) If the Purchaser is considered to have purchased or seek to purchase the Company Shares only for the purpose of driving up the stock price and causing the Company or the Company's affiliate to purchase the Company Shares (so-called greenmailer) notwithstanding that the Purchaser has no genuine intention to participate in management of the Company,;

(b) If the Purchaser is considered to have purchased the Company Shares for the purpose of temporarily controlling the management of the Company and transferring the assets of the Company or the Group, including intellectual property rights, know-hows, trade secret, major trading partners or customers that are necessary for business management of the Company or the Group, to such Purchaser or its group companies;

(c) If the Purchase is considered to, after obtaining the control over the management of the Company, cause obvious damage to the corporate value or shareholders' common interests of the Company by way of diverting the assets of the Company or the Group to securing or repaying obligations of such Purchaser or its group companies;

(d) If the Purchaser is considered to have purchased the Company Shares for the purpose of temporarily controlling the management of the Company, causing the Company to dispose of expensive assets such as real estate and securities, which are presently not related to the business of the Company or the Group, by way of sale or otherwise, and causing the Company to temporarily pay high dividends with the proceeds of such disposal or selling off the Company Shares at high price at the timing of sharp rise in stock prices due to a temporary high dividend;

(e) If the method of purchase of the Company Shares proposed by the Purchaser is considered to be likely to restrict opportunity or freedom of judgment of shareholders and virtually force shareholders to sell their Company Shares, including so-called coercive two-tier purchase (i.e. the Purchase of shares such as a tender offer, in which the purchase conditions in the second stage of purchase are set unfavorably than those in the first stage, or are not stated clearly);

(f) If the purchase conditions of the Company Shares offered by the Purchaser (including, but not limited to, type and amount of consideration for the purchase, basis of calculation of such amount, other specific terms (including the timing and method of such purchase), illegality and feasibility) are considered to be significantly insufficient or inappropriate in the light of the corporate value of the Company;

(g) If the Purchase is considered to be likely to significantly hinder the protection and enhancement of corporate value and shareholders' common interests of the Company, including cases where the obtaining of control by the Purchaser destroys the relationship not

only with the Company's shareholders but also its customers, employees or other interested parties as the source of the corporate value, and the corporate value or shareholders' common interests of the Company are expected to be significantly damaged;

(h) If the corporate value of the Company in the event that the Purchaser obtains the control over the Company is considered to be significantly inferior to the corporate value of the Company in the event that such Purchaser does not obtain the control, in terms of comparison with medium- to long-term future corporate value;

(i) If the Purchaser is considered to be significantly inappropriate to become a controlling shareholder of the Company in terms of public policy, including cases where the management team or major shareholders or investors of the Purchaser includes any person affiliated with anti-social forces or terrorist-related organization; or

(j) In any other case equivalent to (a) to (i) above, when (i) it is objectively and reasonably determined that the corporate value or shareholders' common interests of the Company are likely to be significantly damaged, and (ii) countermeasures are not triggered at that time, and if the Purchase is considered to be unable to avoid or likely to be unable to avoid such significant damage to the corporate value or shareholders' common interests of the Company.

(F) Resolution of the Board

The Board shall respect the Independent Committee's advice set forth in (E) above as much as possible, and promptly pass a resolution on triggering or non-triggering of countermeasures or any other necessary resolution based on such advice, for the purposes of protection and enhancement of corporate value and shareholders' common interests of the Company.

Even if the Independent Committee has given advice to or not to trigger countermeasures, (i) when the Board deems, taking into consideration various reasons such as the details of the Large-Scale Purchase by the Purchaser and the time required for holding a shareholders' meeting and in light of the relevant laws and regulations and the due care of a good manager of directors of the Company, it practically appropriate to hold a shareholders' meeting of the Company in addition to consultation to the Independent Committee in order to confirm the shareholders' will or (ii) when the Purchaser is in compliance with the procedures under the Plan and the Board intends to trigger countermeasures, then the Board shall hold a shareholders' meeting of the Company in a manner described in (G) below, in order to ask shareholders whether or not to trigger countermeasures.

In addition, even after the resolution of triggering of countermeasures by the Board or after the triggering of such countermeasures, if (i) the Purchaser has cancelled the Large-Scale Purchase or (ii) there is any change in the facts based on which the determination of whether or not to trigger countermeasures has been made, which resulted in circumstances where it is not considered reasonable to trigger countermeasures for the purposes of protection and enhancement of corporate value and shareholders' common interests of the Company, then the Board shall pass a resolution of cancellation of triggering of countermeasures.

When said resolution has been passed, the Board will promptly disclose the summary of such resolution and any other matters which the Board considers appropriate.

(G) Convocation of Shareholders' Meeting of the Company

Upon determining whether or not to trigger countermeasures pursuant to the Plan, (i) when the Board deems, taking into consideration various reasons such as the details of the Large-Scale Purchase by the Purchaser and the time required for holding a shareholders' meeting and in light of the relevant laws and regulations and the due care of a good manager of directors of the Company, it practically appropriate to consult the Independent Committee as well as hold a shareholders' meeting of the Company in order to confirm the shareholders' will or (ii) when the Purchaser is in

compliance with the procedures under the Plan and the Board intends to trigger countermeasures, then the Board will convene shareholders' meeting of the Company as soon as possible. In such case, the Large-Scale Purchase shall be performed after the rejection of a resolution of triggering of countermeasures at the shareholders' meeting of the Company and the conclusion of such shareholders' meeting. If a resolution of triggering of countermeasures under the Plan has been passed at the shareholders' meeting of the Company, the Board shall pass a resolution of triggering of countermeasures under the Plan against such Large-Scale Purchase.

If a resolution of triggering of countermeasures under the Plan has been rejected at such shareholders' meeting, the Board will not trigger countermeasures under the Plan against such Large-Scale Purchase.

Even when procedures for convening such shareholders' meeting have been performed, if the Board subsequently determines it reasonable to pass a resolution of non-triggering of countermeasures or pass a resolution of triggering of countermeasures at a Board meeting, then the Company may suspend the procedures for convening such shareholders' meeting of the Company. In the event of such resolution, the Company will also promptly disclose the summary of such resolution and any other matters which the Board considers appropriate.

(2) Specific Details of Countermeasures under the Plan

Countermeasures to be triggered by the Company under the Plan shall be gratis allotment of stock acquisition rights (the "Stock Acquisition Rights") in principle.

While summary of gratis allotment of the Stock Acquisition Rights shall be as described in Exhibit 4 "Summary of Gratis Allotment of the Stock Acquisition Rights," in the event of actual gratis allotment of the Stock Acquisition Rights, the Company may set forth certain exercise period, exercise conditions and acquisition provision taking into consideration their effect as countermeasures against the Large-Scale Purchase, such as (i) exercise conditions to the effect that exercise of rights by certain Purchaser, as well as its joint holder and specially related party and any other person substantially controlled by them or any other person acting in cooperation or coordination with them as determined by the Board through prescribed procedures (the "Exceptional Persons") shall not be permitted to exercise the rights, and/or (ii) acquisition provision to the effect that when the Company acquires a part of the Stock Acquisition Rights, the Company may only acquire the Stock Acquisition Rights held by any other holders of the Stock Acquisition Rights other than the Exceptional Persons. Furthermore, acquisition of the Stock Acquisition Rights through transfer shall be subject to approval of the Board.

When countermeasures under the Plan have been triggered, the Company will promptly disclose the summary of the relevant resolution and any other matters which the Board considers appropriate.

(3) Effective Term, Abolition and Modification of the Plan

The effective term of the Plan shall expire at the conclusion of the ordinary shareholders' meeting for the last fiscal year ending within one (1) year from the date of the General Meeting.

Provided, however, that even before the expiration of such effective term, if a resolution of modification or abolition of the Plan has been passed at a shareholders' meeting of the Company, the Plan shall be modified or abolished at that time in accordance with such resolution. In addition, if a Board meeting consisting of directors elected by a shareholders' meeting of the Company has passed a resolution of abolition of the Plan, the Plan shall be abolished at that time.

When the Board deems it necessary to make a formal modification associated with an amendment to the Companies Act, Financial Instruments and Exchange Act, or any other laws or regulations or rules of a financial instruments exchange, or change in interpretation or operation thereof or change in tax system or court case, the Board may amend or modify the Plan based on the opinion of the Independent Committee from time to time. On the other hand, when the Board modifies the Plan in a manner in

which shareholders of the Company are substantially affected, the Board will ask for the approval of shareholders by referring such modification to the upcoming shareholders' meeting.

When the Plan has been abolished or any modification has been made to the Plan in a manner in which shareholders of the Company are substantially affected, the Company will promptly disclose the fact of such abolition or modification and (in the event of modification) the details of such modification and any other matters which the Board considers appropriate.

3. Rationality of the Plan

The Plan satisfies the three principles (the principle of protecting and enhancing corporate value and shareholders' common interests, the principle of prior disclosure and shareholders' will, and the principle of ensuring the necessity and reasonableness) prescribed by the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, and conforms to the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008,"Principle 1-5. So-called Takeover Defense" of the "Corporate Governance Code" published on June 1, 2015, and revised on June 1, 2018 and June 11, 2021 by the Tokyo Stock Exchange and the Guidelines for Corporate Takeovers, and any other practice and discussions regarding the takeover response policies, and has a high degree of rationality.

(1) Principle of Protecting and Enhancing Corporate Value and Shareholders' Common Interests

As mentioned in 1. Above, the Plan will be introduced and continued for the purpose of allowing, upon Large-Scale Purchase of Company Shares, (i) the shareholders to determine whether to accept such Large-Scale Purchase, or (ii) the Board to collect necessary information and the time to propose a counterplan and negotiate with the Purchaser on behalf of the shareholders, in order to protect and enhance the corporate value and the common interests of shareholders of the Company.

(2) Principle of Prior Disclosure and Shareholders' Will

The Plan has been introduced by an approval at the Company's general meeting of shareholders after the disclosure of its purpose, details, and expected results and thereafter continued. The Board has resolved to propose the continuation of the Plan at the General Meeting and the purpose, details and expected results of the Plan are disclosed herein.

As mentioned in 2. (3) above, even after the Plan is approved by the General Meeting, (i) if the Company's subsequent shareholders' meeting adopts a resolution to amend or cancel the Plan, the Plan will be amended or cancelled in accordance with such resolution, and (ii) if the Board comprising of directors appointed at the Company's shareholders' meeting adopts a resolution to cancel the Plan, the Plan will be cancelled at that time. Accordingly, the introduction, continuation and cancellation of the Plan fully reflect the shareholders' will, subject to prior disclosure of information.

As stated in 2. (1) (F) and (G), even if the countermeasures are commenced pursuant to the Plan, when the Purchaser is in compliance with the procedures provided in the Plan and the Board intends to resolve the implementation of countermeasures, the Company shall convene the Company 's general meeting of shareholders to confirm the shareholders' will. If the Purchaser does not comply with the procedures provided in the Plan and intends to conduct the Large-Scale Purchase, the Company may, while respecting recommendations by the Independent Committee as much as possible, have to implement the countermeasures without convening a general meeting of shareholders to confirm the shareholders' will. As above, shareholders' will is to be respected to the maximum extent possible under the Plan.

(3) Principle of Ensuring the Necessity And Reasonableness

(A) Placing Importance on Judgments of Highly Independent Outsiders and Thorough Information Disclosure

As mentioned in 2. above, the Company has established the Independent Committee, which consists of the Company's outside directors, for the purpose of (i) preventing the Board from making arbitrary decisions on the triggering of countermeasures against Large-Scale Purchase under the Plan, and (ii) ensuring the objectivity and rationality of the Board's decisions and responses, and the Board will respect the Independent Committee's advice on the resolution whether or not to trigger countermeasures as much as possible. Additionally, for the purpose of ensuring that the Independent Committee's judgment will be made for protecting and enhancing the corporate value and common interests of shareholders of the Company, the Independent Committee may, at the Company's expense, obtain advice from outside experts (including investment banks, security companies, financial advisers, certified public accountants, lawyers, consultants and other experts), who are independent of the Company's executive management team.

Additionally, the Company will disclose to shareholders and investors the outline of the Independent Committee's judgment in order to ensure that the Plan will be implemented transparently, thereby protecting and ensuring the corporate value and common interests of shareholders of the Company.

(B) Establishment of Reasonable and Objective Implementation Criteria

As mentioned in 2. Above, the Plan will not be implemented unless the reasonable and objective implementation criteria is fulfilled, thereby preventing the Board from making arbitrary decisions.

(C) The Plan is Not a Dead-Hand or Slow-Hand Takeover Response Policies

As mentioned in 2. (3) above, the Plan may be cancelled at any time by the Board comprising of directors appointed at the Company's shareholders' meeting. Therefore, the Plan is not a dead-hand takeover response policies (a takeover response policies in which even if a majority of the members of the Board are replaced, the triggering of the takeover response policies cannot be stopped).

Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover response policies either (a takeover response policies in which triggering takes more time to stop due to the fact that all members of the Board cannot be replaced at once).

4. Impact on Shareholders and Investors

(1) Impact on Shareholders and Investors upon the Continuation of the Plan

No Stock Acquisition Rights will be issued upon the continuation of the Plan. Therefore, the continuation of the Plan will have no direct or actual impact on the legal rights and economic interests of the shares in the Company owned by the shareholders.

As mentioned in 2. (1) above, the Company's response to the purchase will depend on whether or not the Purchaser complies with the Plan, so the shareholders and investors are encouraged to keep a close watch on the Purchaser.

(2) Impact on Shareholders and Investors Upon a Gratis Allotment of the Stock Acquisition Rights

If the Board decides to trigger countermeasures and makes a gratis allotment of the Stock Acquisition Rights, it will make a gratis allotment of the Stock Acquisition Rights to the shareholders who are recorded in the shareholders registry as of the Allotment Date set forth separately, for up to one Stock Acquisition Right per share held by such shareholder. Under this system, the value per Company Share

held by the shareholders will be diluted upon the gratis allotment of the Stock Acquisition Rights; however, there will be no dilution of the value of the aggregate Company Shares held by the shareholders, and therefore, no direct or specific impact is expected on the legal rights and economic interests of the Company Shares owned by the shareholders.

Provided, however, that the legal rights or economic interests of the Exceptional Persons may somehow be impacted by the triggering of countermeasures.

In addition, even after the Company passes a resolution for gratis allotment of the Stock Acquisition Rights, the Company may subsequently determine to cancel the triggering of countermeasures, which may cause change in the price of Company Shares. For instance, in the event that after the determination of shareholders who should receive a gratis allotment of the Stock Acquisition Rights, the Company cancels the triggering of countermeasures and acquires the Stock Acquisition Rights without consideration and does not issue new shares, there will be no dilution of the economic value per Company Shares held by the shareholders, and therefore, it should be noted that shareholders and investors, who traded on the premise that dilution of the economic value per Company Share would occur, may suffer loss due to fluctuations in the share price.

If the exercise or acquisition of Stock Acquisition Rights are subject to discriminative conditions, the legal rights or economic interests of the Exceptional Persons may be impacted upon such exercise or acquisition; however, this is not expected to have direct and specific impact on the legal rights and economic interests of the Company Shares held by the shareholders other than the Exceptional Persons.

(3) Shareholders' Procedures for Gratis Allotment of the Stock Acquisition Rights

The shareholders recorded in the shareholders registry as of the end of the Allotment Date of the Stock Acquisition Rights will become entitled to be granted the Stock Acquisition Rights on the effective date of such gratis allotment of the Stock Acquisition Rights, and will not need to take any procedure.

In addition, if the Company acquires the Stock Acquisition Rights subject to gratis allotment with an acquisition provision, the shareholders will receive the Company Shares as consideration for the acquisition of the Stock Acquisition Rights by the Company without making any cash payment in the amount equivalent to the exercise price of the Stock Acquisition Rights. Provided, however, that the Stock Acquisition Rights held by the Exceptional Persons may not be acquired.

After the Board passes a resolution for the gratis allotment of the Stock Acquisition Rights, the Company will disclose or notify, in a timely and appropriate manner, the details of procedures (e.g. method of allotment, exercise and acquisition by the Company, and the method of issuing shares) in accordance with the applicable laws and regulations or the regulations of the financial instruments exchange, so please check such disclosure or notification.

End

[Exhibit 1]

Company's Share Information
As of March 31, 2024

(1) Total number of authorized shares 30,000,000 shares

(2) Total number of outstanding shares 9,127,338 shares (19,391 shares of which are treasury shares)

(3) Number of shareholders 1,733 shareholders

(4) Large Shareholders

Name of Shareholders	Status of shareholding	
	Number of shares (thousands)	Shareholding Ratio (%)
Freesia Macross Corporation	1,796	19.73%
BBH FOR FIDELITY LOW-PRICED STOCK FUND （Standing Proxy：MUFG Bank, Ltd.）	628	6.90%
NIPPO Employee Shareholding Association	583	6.40%
GLOBAL ESG STRATEGY（Standing Proxy：Tachibana Securities Co., Ltd.）	536	5.89%
FUJIMI INCORPORATED	337	3.71%
Sumitomo Mitsui Banking Corporation	274	3.01%
GLOBAL ESG STRATEGY（Standing Proxy：Phillip Securities Japan, Ltd.）	266	2.93%
Kisao Tanaka	232	2.55%
INTERACTIVE BROKERS LLC （Standing Proxy：Interactive Brokers Securities Japan, Inc.）	226	2.49%
MUFG Bank Ltd.	216	2.38%

(Note)1. The calculations of the shareholding ratios do not include the treasury shares (19,391 shares) held by the Company.

The treasury stock does not include 132,800 shares held by The Nomura Trust and Banking Co., Ltd. (NIPPO Employee Shareholding Association Trust Account) as the "Trust-type Employee Shareholding Incentive Plan (E-Ship)".

2. In the amendment report of the large-volume holding report that was published as of February 9, 2024, it is stated that the following shares are held by Swiss-Asia Financial Services Pte. Ltd. as of February 9, 2024. However, as we have not been able to confirm the actual number of such shares as of March 31, 2024, it is not included in the status of shareholding above.

The content of such amendment report of the large-volume holding report is as follows.

Name	Address	Number of shares held(thousands)	Shareholding ratio (%)
Swiss-Asia Financial Services Pte. Ltd.	9 Raffles Place, Unit 53-01 Republic Plaza, Singapore 048619	903	9.90

[Exhibit 2]

Summary of the Independent Committee Rules

1. The Independent Committee shall be established by the resolution of the Board for the purpose of preventing the Board from making arbitrary decisions on the triggering of countermeasures against Large-Scale Purchase and thereby ensuring the objectivity and rationality of the Board's decisions and responses.
2. The Independent Committee shall consist of three (3) or more members of the Company's outside directors who are independent of the Company's executive management team. The Company shall enter into an agreement with the Independent Committee, which has provisions concerning due care of a good manager and confidentiality obligation.
3. The term of the Independent Committee members shall be until the day of the ordinary shareholders' meeting closing held with respect to the last fiscal year ending within one (1) year after appointment, or a date otherwise agreed upon between the Independent Committee member and the Company. This shall not apply if the resolution of the Board sets forth otherwise.
4. The Independent Committee shall be convened by the Company's Representative Director or a member of the Independent Committee.
5. The chairperson of the Independent Committee shall be elected from among the Independent Committee members.
6. In principle, resolutions of the Independent Committee shall be made with a majority vote of the members present at a meeting attended by all members of the Independent Committee. If, however, any of the Independent Committee members are unable to attend or there are other special reasons, resolutions shall be made with a majority vote of members present at a meeting attended by all members of the Independent Committee except for such Independent Committee member.
7. The Independent Committee shall discuss and resolve on the matters set forth in (1) through (4) below, and shall give advice to the Board accompanied by the reasons for such resolution:
   (1) Whether to trigger countermeasures with regard to the Plan;
   (2) Whether to cancel the triggering of the countermeasures with regard to Plan;
   (3) Cancellation or amendment of the Plan; and
   (4) Other matters that the Board should voluntarily consult with the Independent Committee with regard to the Plan

   During the discussions and resolutions at the Independent Committee, each Independent Committee member shall make decisions from the viewpoint of whether or not such decisions will contribute to the corporate value and the common interests of shareholders of the Company, and shall not have the aim of pursuing his/her personal benefit or that of the Company's executive management team.
8. The Independent Committee may, when necessary, ask the Company's directors, employees or others that the Independent Committee considers necessary, to attend the Independent Committee and seek opinions on or explanation of the matters requested by the Independent Committee from them.
9. The Independent Committee may, upon the performance of its duties and at the Company's expense, obtain advice from outside experts (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants and other experts), who are independent of the Company's executive management team.

End

[Exhibit 3]

Names and Brief Histories of the Independent Committee Members (as of June 25, 2024)

Name	Brief history	
Keiko Ikeda (Born in August 1956)	Apr. 1983 Aug. 1986 Jul. 2000 Apr. 2017 Apr. 2018 May 2019 Jun. 2019 Jun. 2020 May 2023	Registered as a lawyer Opened IKEDA LAW OFFICE (currently known as IKEDA LAW & PATENT OFFICE), Partner (present position) Registered as a patent attorney Chairperson of Aichi Bar Association Vice-President of Japan Federation of Bar Associations Chairperson of CHUBU Federation of Bar Associations Outside Director of Kanemi Co., Ltd. Outside Director of CHUBU-NIPPON BROADCASTING CO.,LTD. (present position) Outside Director of the Company (Audit and Supervisory Committee Member) (present position) Outside Corporate Auditor of TOHO GAS Co., Ltd (present position) Outside Director of Kanemi Co., Ltd. (Audit and Supervisory Committee Member) (present position)
Tsutomu Umeno (Born in March 1951)	Sept. 1976 Sept. 1995 Jun. 1998 Apr. 2000 Jul. 2001 May 2005 Feb. 2008 Jul. 2009 Jun. 2010 Jun. 2015 Jun. 2020	Joined Honda Motor Co., Ltd. President and CEO of Honda Australia Pty., Ltd. General Manager of East Asia-Oceania Division of Honda Motor Co., Ltd. Representative Director of VOLKSWAGEN Group Japan KK President and Representative Director of VOLKSWAGEN Group Japan KK Executive member of the Volkswagen AG Group Chairman of Japan Automobile Importers Association Chairman and Representative Director of VOLKSWAGEN Group Japan KK Managing Partner of M&C Saatchi Ltd. Outside Director of Mitsui Kinzoku ACT Corporation Outside Director of SHIMOJIMA Co., Ltd. (present position) Outside Director of the Company (Audit and Supervisory Committee Member) (present position)
Hirokazu Tamaoki (Born in May 1962)	Apr. 1986 Oct. 1991 Mar. 1995 Jul. 1997 Jul. 2002 May. 2003 Jun. 2005 Nov. 2007 Apr. 2010	Joined Asahi Glass Co., Ltd. (currently known as AGC Inc.) Joined Deloitte Touche Tohmatsu (currently known as Deloitte Touche Tohmatsu LLC) Registered as a certified public accountant Director of Tamaoki CPA Office (present position) Joined Sakae Audit Corporation Member of Sakae Audit Corporation Outside Director of Taitec Corporation Representative Member of Sakae Audit Corporation (present position) Outside Director of Techno Horizon Co., Ltd.

* Ms. Keiko Ikeda and Mr. Tsutomu Umeno have been notified as independent directors in accordance with the rules of Tokyo Stock Exchange and Nagoya Stock Exchange. Mr. Hirokazu Tamaoki, who satisfies the requirements to be an independent director under the rules of both stock exchanges and the Company, is to be notified as an independent director to both stock exchanges.
* There are no special interests or transactional relationships between each of Ms. Keiko Ikeda, Mr. Tsutomu Umeno and Mr. Hirokazu Tamaoki, and the Company.

[Exhibit 4]

Summary of Gratis Allotment of the Stock Acquisition Rights

1. Total number of Stock Acquisition Rights to be allotted

The total number of Stock Acquisition Rights to be allotted shall be the number separately prescribed by the Board in the Gratis Allotment Resolution (as defined below), but not exceeding the total number of Company Shares issued at the end of the day (the "Allotment Date") (excluding the number of Company Shares held by the Company at such time) separately determined by the Board by its resolution regarding the gratis allotment of the Stock Acquisition Rights (the "Gratis Allotment Resolution").

2. Shareholders subject to allocation

The Board shall make a gratis allotment of the Stock Acquisition Rights to the shareholders who are recorded in the shareholders registry as of the end of the Allotment Date at a ratio separately specified by the Board in the Gratis Allotment Resolution, but not exceeding one Stock Acquisition Right per common share of the Company held by such shareholders (excluding the Company Shares held by the Company at such time).

3. Effective date of the gratis allotment of the Stock Acquisition Rights

The effective date shall be separately determined by the Board by the Gratis Allotment Resolution.

4. Class and number of shares underlying the Stock Acquisition Rights

The class of shares underlying the Stock Acquisition Rights shall be the common share of the Company. The number of shares underlying a Stock Acquisition Right shall be the number separately determined by the Board by the Gratis Allotment Resolution, but not exceeding one share per Stock Acquisition Right; provided, however, that necessary adjustments shall be made in case the Company conducts a share split or consolidation of shares.

5. Details and value of the assets to be contributed upon the exercise of the Stock Acquisition Rights

Contributions made upon the exercise the Stock Acquisition Rights shall be cash, and the amount of cash per common share of the Company of the assets contributed in exercising the Stock Acquisition Rights shall be separately determined by the Board by the Gratis Allotment Resolution but shall be one yen or more.

6. Restriction on transfer of Stock Acquisition Rights

The transfer of the Stock Acquisition Rights shall be subject to the Board's approval.

7. Conditions for exercising the Stock Acquisition Rights

The conditions for exercising the Stock Acquisition Rights shall be separately determined by the Board (the Board may set forth certain exercise conditions taking into consideration the effect as countermeasures against the Large-Scale Purchase., such as exercise conditions to the effect that exercise of rights by certain Purchaser., determined by the Board through prescribed procedures and its joint holder and specially related party as well as any other person substantially controlled by them or any other person acting in cooperation or coordination with them as recognized by the Board (the "Exceptional Persons") shall not be granted).

8. Acquisition of Stock Acquisition Rights by the Company

The Company may, on a date separately determined by the Board, set forth certain acquisition provision to the effect that the Company may acquire all of the Stock Acquisition Rights or only those held by holders of the Stock Acquisition Rights other than the Exceptional Persons.

9. Acquisition without consideration in case the triggering of countermeasures is cancelled

If the Board cancels the triggering of countermeasures or in other cases determined by the Board by the Gratis

Allotment Resolution, the Company may acquire all of the Stock Acquisition Rights without consideration.

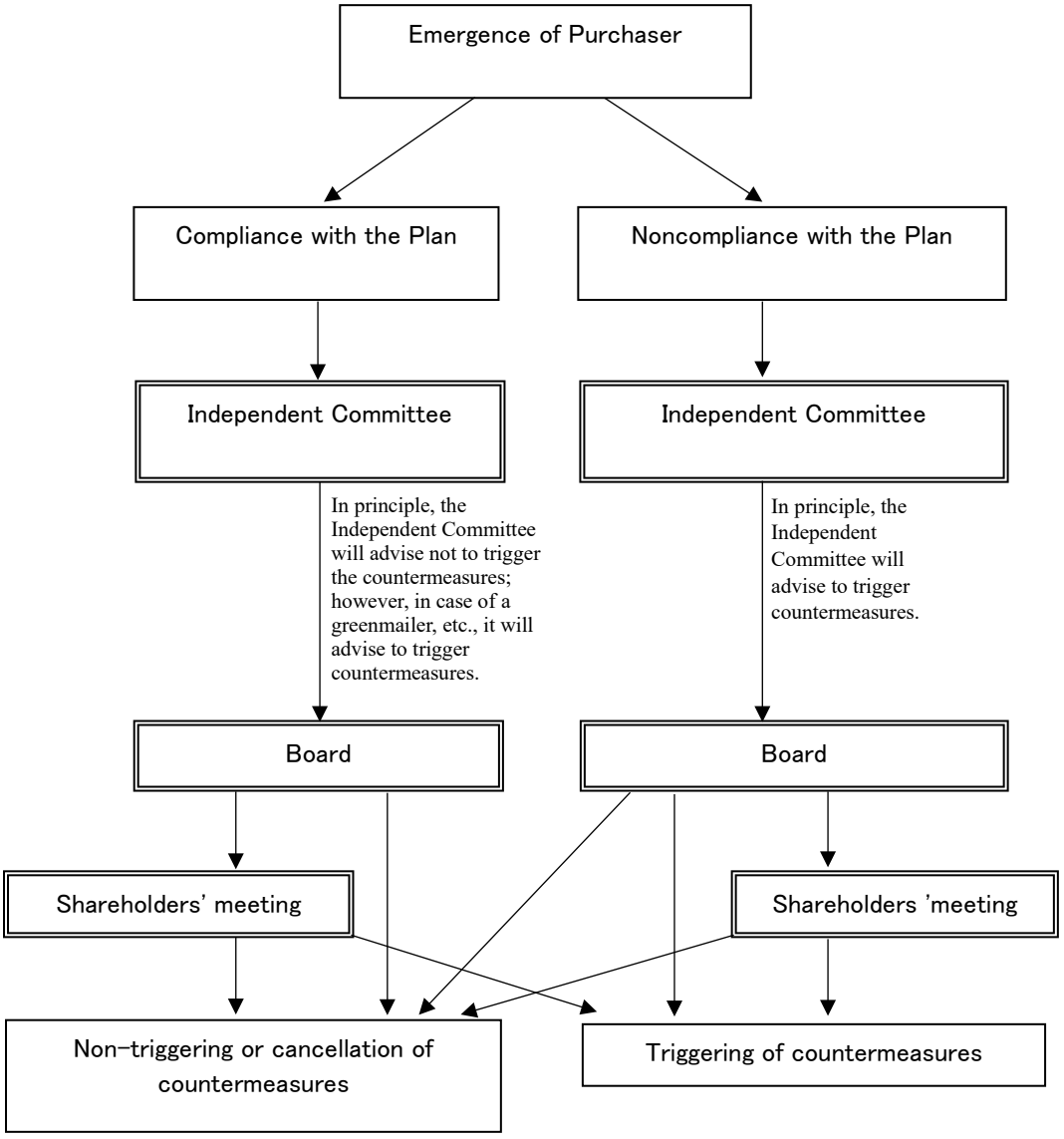
10. Exercise period of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights and other necessary matters shall be separately determined by the Board by the Gratis Allotment Resolution.

End

[Reference Materials]

Conceptual Diagram of the Plan



* This diagram shows a summary of the procedures involved in the Plan. For more details, please refer to the main text of the Proposal.

(Objections from GLOBAL ESG STRATEGY, our shareholder)

The Company received a shareholder proposal (the "Shareholder Proposal") on the subject of the abolishment of the takeover defense measures (currently, takeover response policies) from GLOBAL ESG STRATEGY, our shareholder (the "Proposing Shareholder"). Considering the content of such proposal, if the Company's proposal is passed, it results in the rejection of the Shareholder Proposal. Therefore, it has been decided not to treat the Shareholder Proposal as an individual agenda at the General Meeting. The following is the agenda, content and its grounds stated in the Shareholder Proposal and the opinion of the Board upon such Shareholder Proposal.

The following proposal (Summary of Agenda) and the grounds therefor are the original text of the relevant sections of the Shareholder Proposal submitted by the Proposing Shareholder (the grounds for proposal are the summary submitted by the Proposing Shareholder).

(1) Summary of Agenda

To abolish the countermeasures to large-scale purchase of the Company's shares (Takeover Defense Measures), which was introduced at the Company's Board meeting on April 23, 2019, was resolved to be continued at the 68th Ordinary General Meeting of Shareholders, and most recently, was decided to be continued at the Company's Board meeting as of May 19, 2023 and the 72nd Ordinary General Meeting of Shareholders

(2) Grounds for Proposal

With development and prevalence of regulations on large-scale purchases of shares and the Corporate Governance Code[5], the Guidelines for Corporate Takeovers[6], and normalization of purchases aiming at the development of companies after purchases, the significance of takeover defense measures has decreased and fewer companies are adopting such measures.

The Company stated in 2009 that it would "return to the principle of capitalism" that a company belongs to shareholders[7] and abolished a similar policy. However, ten years later, the Company "reintroduced" such policy upon a purchase by a specific shareholder, by a resolution at the board of directors of the Company, on the ground of an emergency event, which can be described as a highly outdated decision. It should be left to shareholders to determine whether or not an increase of the influence of a specific shareholder is beneficial to the Company's corporate value and shareholders' common interests. The Company's takeover defense measures are based on the premise that it may be abolished at a general meeting of shareholders[8]. In accordance with such provision, we propose the abolishment of the Company's takeover defense measures.

[5] Corporate Governance Code Principles 1-5 “The purpose of such measures shall not be the protection of the management or the Board”.

[6] METI “Guidelines for Corporate Takeovers: Enhancing Corporate Value and Securing Shareholders’ Interests” published on August 31, 2023.
https://www.meti.go.jp/shingikai/economy/kosei_baishu/pdf/20230831_2.pdf

[7] “Discontinuation of countermeasures to large-scale purchases of the company’s share (takeover defense measures)” issued as of May 15, 2009

[8] The Company’s takeover defense measures: 2. Details of the Plan, (3) Effective term, abolishment and amendment of the Plan

Opinion of the Board of Directors

The Company and its subsidiaries (the "Group") work closely with customers and exchange confidential information related to technology, some of which are core technologies that are very important to the customers and are used for the Group's main business.

Under these circumstances, if a large-scale purchase is made to the Company without sufficient consideration and a change of control is implemented, it is possible that the corporate value of the Group and the shareholders' common interests cannot be protected if, together with the risk of leakage of such confidential information, the Group is prohibited from using, and required to return, confidential information provided to the Group by its customers.

Based on such circumstances, the Board has concluded that, in order to protect the corporate value of the Group and the shareholders' common interests, it is necessary to continue the "Takeover Response Policies" that ensure a process where it may request information from the large-scale purchaser, followed by consideration and assessment of such information by the Board. By the affirmative votes of all directors, including all of the independent outside directors, it was resolved that the following points in particular should be revised and submitted as an agenda item at this General Meeting.

(i) Regarding the Independent Committee, whose advice is to be respected at the Board as much as possible, it has been decided to include the statement into the Independent Committee Rules that the Independent Committee consists of independent outside directors;

(ii) It has been decided that, when the Purchaser is in compliance with the procedures pursuant to the takeover response policies and the Board intends to resolve to implement countermeasures, a general meeting of shareholders shall be convened to take a resolution regarding whether or not to do that.

We would like to summarize the counterarguments by the Board against the statements (i) and (ii) in "Grounds for Proposal" of the Shareholder Proposal made by the Proposing Shareholder.

(i) With … the Guidelines for Corporate Takeovers … , the significance of takeover defense measure has decreased …

[It cannot be said that the significance of establishing the "Takeover Response Policies" has decreased]

The "Guidelines for Corporate Takeovers－Enhancing Corporate Value and Securing Shareholders' Interests－" (the "Guidelines for Corporate Takeovers") published by the Ministry of Economy, Trade and Industry on August 31, 2023, includes the following statements in "Chapter 5 Takeover Response Policies and Countermeasures" and acknowledges its significance.

- There is a possibility that corporate value and the shareholders' common interests may be harmed, if the acquisition is made without providing the target company and its shareholders the necessary time and information, or if the acquiring party acquires corporate control for the purpose of obtaining unjustified profits at the expense of the target company and its general shareholders.

- Currently, companies do not deal with such situations only through legal processes such as the tender offer regulation. Rather, depending on the circumstance, they may adopt a response policy including possible countermeasures against acquisitions typically using gratis issue of stock acquisition rights with unequal terms (takeover response policies), and invoke the countermeasure based on this policy, which has been recognized by court decisions as lawful in some cases.

- If used appropriately, such takeover response policies may enable the shareholders to be furnished with sufficient information and time to consider, equip the board of directors with negotiating power in relation with the acquiring party, and contribute to ensure shareholders' common interests and transparency by extracting more favorable acquisition terms from the acquiring party or other third parties.

(ii) the Company “reintroduced” such policy … , by a resolution at the Board, on the ground of an emergency event, which can be described as a highly outdated decision

[The high court decision justifies the Company’s reintroduction of the Takeover Response Policies]

In the Nagoya High Court decision on the “2021 (Ra) No. 138 – Case of Appeal Pertaining to Provisional Remedy against the Decision on Case of Objection to Provisional Remedy” (Nagoya High Court Decision of April 22, 2021), the reasons for decision include the following statements, justifying the Company’s reintroduction of the Takeover Response Policies.

- The Company's Takeover Defense Plan cannot be said to have been introduced to prevent takeover or to protect the management team in an emergency event.

- It cannot be said that there is a problem in itself for a stock company to reintroduce takeover defense measures once abolished.

- As of April 23, 2019, when the board of directors of the Company resolved to introduce the Takeover Defense Plan, the Company had come to possess far more confidential information related to customers’ technology than it did when the former plan was abolished, and the Company resolved to introduce the Takeover Defense Plan based on business judgment that a change of control by a unilateral large-scale purchase could lead to leakage of confidential information and damage to favorable relationships between the Company and its stakeholders. The introduction of the Takeover Defense Plan was approved by the large majority of the shareholders through the resolutions of the general meeting of shareholders. As such, it cannot be said that the resolution to introduce the Takeover Defense Plan under such circumstances is contrary to the principle of good faith and invalid.

<Shareholder Proposal (Proposals No.5 to 7)>

Proposals No. 5 to 7 are proposals made by GLOBAL ESG STRATEGY (the "Proposing Shareholder"), a shareholder of the Company. The following proposal (Summary of Agenda) and the grounds therefor are the original text of the relevant sections of the Shareholder Proposal submitted by the Proposing Shareholder (the grounds for proposal are the summary submitted by the Proposing Shareholder).

Shareholder Proposal

Proposal No.5: Appropriation of surplus

(1) Summary of Agenda

The appropriation of surplus is decided as follows.
Regarding this agenda, in the event that any of the board of directors of the Company or the Company's shareholders other than GLOBAL ESG STRATEGY makes a proposal to the appropriation of surplus at the General Meeting of Shareholders, such proposal shall be added separately from the following.

(A) Types of dividends

Cash

(B) Dividend amount per share
JPY 163, less the amount of surplus dividend per share under the agenda regarding appropriation of surplus approved at the General Meeting of Shareholders submitted by the board of directors of the Company or the Company's shareholders other than GLOBAL ESG STRATEGY (if such agenda regarding appropriation of surplus is not submitted at the General Meeting of Shareholders, JPY 163)

(C) Allocation of dividend property and the total amount
Dividend amount per share as described in (B) above
(The total dividend amount is obtained by multiplying the dividend amount per share by the total number of the Company's issued shares as of March 31, 2024 (excluding treasury shares)

(D) Effective date of the dividend of surplus
The day of the General Meeting of Shareholders

(E) Dividend payment start date
July 16, 2024 (Tuesday)

(2) Grounds for Proposal

The Company has amended its mid-term management plan[1] in March this year, which set the amount of investment in human resource capital and growth investment at JPY 6 billion and including a plan to increase the dividend ratio to 50% and continue such increase.

While the Company owned approximately JPY 2.9 billion of net cash[2] but insisted to us that net cash was the best capital structure, it deserves certain credit that the Company announced a capital plan that results in net debt.

Still, the Company will continue to have a large amount of financial reserves and it cannot be described as a

[1] "Mid-term Management Plan 2025" as of March 25, 2024. https://www.nip.co.jp/english/ir/.assets/cyukei2025_en.pdf

[2] The net cash figures are on a consolidated basis as of December 31, 2023.

sufficiently efficient capital plan. This plan still deviates from the "management focusing on capital costs based on the balance sheet and return on capital[3]" requested by the Tokyo Stock Exchange. Since the Company has not presented a sufficient investment plan at this point, we propose a 10 % dividend on equity (DOE) as a daring return to shareholders. On the assumption of 10% DOE and 3% dividend yield, the Company's stock price is expected to increase to approximately JPY 5,450 (approximately three times the current stock price).

[3] Page 1 of "Measures to realize the management focusing on capital costs and stock price".
https://www.jpx.co.jp/equities/follow-up/jr4eth0000004vj2-att/jr4eth0000004w6n.pdf

Opinion of the Board of Directors

The Board of Directors objects to the Proposal No.5 for the following reasons.

Setting "increase of dividends in line with sustainable profit growth" as its basic policy on shareholder return, the Board has, with an aim for continuous increase in both the total dividend amount and dividend ratio, continuously improved its total dividend amount and dividend ratio as shown in the table below in the fiscal year ending March 2022 and the fiscal year ending March 2023, and it is expected to realize further improvement in the fiscal Year ending March 2024.

(in million JPY)

	FY ending March 2022	FY ending March 2023	FY ending March 2024
Net Sales	35,491	38,886	41,922
Operating profit	1,342	1,912	1,918
Net income	1,031	1,269	1,457
Dividend per share	JPY 22	JPY 33	JPY 74 (planned)
Dividend ratio	19.4%	23.4%	45.5% (planned)

Furthermore, with the belief that making business investments that will lead to future profit growth while aiming to increase corporate value over the medium to long term will also contribute to the enhancement of shareholders' interests, the Board revised the "Medium-term Management Plan 2025" on March 25, 2024 as shown in the following table and has investment to enhance human capital, new business and function.

	Before revision	After revision
Target and purpose of business investment	New business development & functional enhancement	Human capital investment & new business development & functional enhancement
Planned amount of business investment	JPY 3 billion	JPY 6 billion

The Company's dividend proposal at this General Meeting (year-end dividend of JPY 74 per share) is such that is based on the "Medium-term Management Plan 2025" and aims to achieve continuous profit growth while continuously increasing profit return to shareholders (dividend increase) in line with such growth. In contrast, this Proposal No.5 calls for JPY 163 as year-end dividend per share for the current fiscal year, equivalent to 10% of the dividend on equity (DOE). We are compelled to view this as a proposal that priority should be given to short-term profit return to shareholders rather than the Company making business investments that will lead to future profit growth or achieving continuous profit growth while continuously increasing profit return to shareholders (dividend increase) in line with such growth.

Accordingly, the Board opposes the Proposal No.5.

Shareholder Proposal

Proposal No.6: Partial amendment of the Articles of Incorporation (Surplus dividend policy)

(1) Summary of Agenda

In "Chapter 6: Calculation" of the current Articles of Incorporation, the following clause will be newly added as Article 35 and the number of each article from Article 35 shall be lowered by one.
In the event that the clause proposed in this agenda needs a formal adjustment (including but not limited to the adjustment of the numbering of articles) due to the passing of another agenda at the General Meeting of Shareholders (including agenda proposed by the Company), the clause proposed in this agenda shall be read as the clause after such necessary adjustment.

(Surplus Dividend Policy)
Article 35 In determining the amount of the annual surplus dividend in the FY2024 and FY2025, the Company adopts a dividend policy to satisfy the higher of 100% of the dividend ratio (calculated by the total amount of dividend ÷ net income (figures based on the consolidated financial statements)) or 10% of dividend on equity (DOE) (calculated by the total amount of dividend ÷ total net assets (figures based on the consolidated financial statements)) and determines the amount of annual dividends pursuant to such policy to the extent permitted under laws and regulations.

(2) Grounds for Proposal

While there has been an improvement in the Company's investment plan and returns to shareholders in its amended mid-term management plan, the Company still reserves excessive financial reserves, which means the amended plan is insufficient. We propose, in addition to the dividend of 10% of DOE as the year-end dividend of FY2023, to maintain the dividend at the same level through FY2025 as a temporary allowance to return excessive retained earnings to shareholders, and to include the dividend ratio and DOE in the dividend policy.

As we conducted a reasonable verification of a financial impact of the proposed dividend policy under conservative assumptions of sales and profits plan and depreciation and amortization expenses in the Company's amended mid-term management plan, the result was 0.2 times the current net D/E ratio, 0.9 times the net debt/EBITDA, and 47% of the net asset ratio at the end of FY2025. Considering that the Company indicated to us that the Company could borrow four or five times the amount of the net debt/EBITDA from banks, it is clear that this proposal will not impair the financial health of the Company and the Company will continue to have a large financial capacity.

Estimated changes in financial indicators upon adoption of the Company's dividend policy[4]	FY2023	FY2024	FY2025
Dividend per share (JPY)	74	76	78
Dividend ratio	50.3%	50.0%	50.0%
DOE	4.6%	4.5%	4.4%
Net cash (in million JPY)	1,112	(178)	(1,449)
Net D/E	(0.08)	0.01	0.09
Net debt/EBITDA	(0.36)	(0.06)	(0.45)
Net asset ratio	51.6%	52.2%	52.7%

Estimated changes in financial indicators upon adoption of the proposed dividend policy[4]	FY2023	FY2024	FY2025
Dividend per share (JPY)	163	162	161
Dividend ratio	110.8%	106.6%	103.2%
DOE	10.0%	10.0%	10.0%
Net cash (in million JPY)	1,112	(988)	(3,043)
Net D/E	(0.08)	0.07	0.21
Net debt/EBITDA	(0.36)	0.31	0.94
Net asset ratio	51.6%	49.4%	47.5%

[4] The net sales are estimated on the assumption that the Company's mid-term management plan target will be achieved on a uniform growth rate, and the net income is estimated on the assumption of the corporate tax rate at 30%. EBITDA is estimated on the assumption that the depreciation and amortization expenses will be the same as in FY2022. Net cash and net assets in FY2023 are estimated by deducting the three-quarter cumulative net income as of December 31, 2023 from the net income forecast of the Company, on the assumption that the capital investment amount is the same as the depreciation and amortization expenses of the same period. Net cash and net assets of each subsequent period are calculated by adding the amount of net income less the dividend amount to the net assets of the previous term, on the assumption that the capital investment amount is the same as the depreciation and amortization expenses each period, and further assuming that, pursuant to the Company's mid-term management plan, new interest-bearing debts of JPY 3.1 billion are acquired in FY2023 and growth investment of JPY 2 billion is made each year from FY2023 until FY2025. The net asset ratio is calculated on the assumption that the total assets are proportional to net sales.

Opinion of the Board of Directors

The Board of Directors objects to the Proposal No.6 for the following reasons.

As mentioned in “Proposal No.5: Appropriation of surplus” Opinion of the Board of Directors, the ’Board has set “increase of dividends in line with sustainable profit growth” as its basic policy on shareholder return, and has increased the total amount of dividends and dividend ratio over the fiscal years ending March 31, 2022 and 2023, and expects to realize further increases in the fiscal year ending March 2024. The Board is determined to achieve “increase of dividends in line with sustainable profit growth” based on a medium- to long-term perspective.

This Proposal No.6” proposes to adopt a dividend policy that the amount of annual dividends for FY2024 and FY2025 shall satisfy the higher of 100% of the dividend ratio or 10% of the dividend on equity (DOE), and to stipulate in the Articles of Incorporation that the amount of annual dividends shall be determined pursuant to such dividend policy to the extent permitted under laws and regulations.“” However, we cannot help but view this Proposal No.6 as a proposal that the Company should give priority to returning profits to shareholders in the short term, rather than making business investments that will lead to future profit growth, or achieving both sustained profit growth and sustained improvement in the return of profits to shareholders (increased dividends) in line with such growth.

In addition, if the clause in this Proposal No.6” was to be stipulated in the Articles of Incorporation, the amount of dividends will be determined by a uniform calculation method regardless of the Company’s business performance and the need for funds to be used for business investment. Therefore, it is clear that the mobility and flexibility to determine effective investment plans and other uses of funds that will lead to future profit growth will be impaired.

Accordingly, the Board opposes the Proposal No.6.

Shareholder Proposal

Proposal No.7: Partial amendment of the Articles of Incorporation (Shareholder interview with directors)

(1) Summary of Agenda

In the "Chapter 4: Directors and Board" of the current Articles of Incorporation, the following clause will be newly added as Article 29 and the number of each article from Article 29 shall be lowered by one.
In the event that the clause proposed in this agenda needs a formal adjustment (including but not limited to the adjustment of the numbering of articles) due to the passing of another agenda at the General Meeting of Shareholders (including agenda proposed by the Company), the clause proposed in this agenda shall be read as the clause after such necessary adjustment.

(Shareholder interview with directors)
Article 29 If a director of the Company receives a request to hold an individual interview from a shareholder who holds no less than 3% of the voting rights of the Company or any person who is authorized to invest on the Company's shares in accordance with a discretionary investment contracts, other contracts or laws and regulations with respect to the Company's shares held by such shareholder (the "Manager"), the director shall hold such interview within 20 business days. If the interview cannot be held within such period due to unavoidable reasons, the director shall notify the shareholder requesting the interview or the Manager thereof within five business days and schedule another date for such interview. Regarding the number of such interviews upon such request, for a shareholder or the Manager, a director (excluding Audit Committee members) shall hold one or more interview per quarter and a director and Audit Committee member shall hold one or more interview per annum.

(2) Grounds for Proposal

In advance of the General Meeting of Shareholders, we have repeatedly requested the Company to hold an individual interview with all of the directors, but only group interviews with the directors were arranged. The Corporate Governance Code provides that a listed company should hold a constructive discussion with shareholders outside the general meeting of shareholders for the enhancement of corporate value[9]. Furthermore, under the principle of equality of shareholders, it is allowed to treat shareholders differently to a reasonable extent in accordance with the number of shares held, under which interviews with major shareholders are not precluded. The inclusion of the directors' obligation to hold an individual interview with major shareholders in the Articles of Incorporation and implementation of such interview not only greatly contribute to the enhancement of corporate value of the Company but also demonstrates the Company's management's transparency and openness. Demonstrating the Company domestically and internationally as a pioneer among other listed companies leads to an increase of the Company's stock price.

[9] Corporate Governance Code, Principle 5

Opinion of the Board of Directors

The Board of Directors objects to the Proposal No.7 for the following reasons.

The Board has compiled the Corporate Governance Report and the status of initiatives under the Corporate Governance Code (https://www.nip.co.jp/english/esg/.assets/CorporateGovernanceCode_en.pdf), and has disclosed in Principle 5-1 as "Policy on Constructive Discussion with Shareholders" (the "Discussion Policy") that "the Company responds to requests for discussion (interviews) from shareholders within a reasonable scope and manner, taking into consideration the shareholder's requests and main concerns, mainly through the director in charge of investor relations or the person in charge of investor relations".

Based on the Discussion Policy, the director in charge of investor relations and the person in charge of investor relations of the Company strive to respond sincerely to each request for discussion from shareholders, including institutional investors.

Although the Company received a request from the Proposing Shareholder for individual interviews with all directors, the Board, in accordance with the Discussion Policy, proposed the interviews with multiple directors as a "reasonable scope and manner" and through this manner, all directors, including the President, have responded to the request on multiple occasions.

While the Board believes that it is a matter of course that each shareholder should evaluate each director of the Company based on the details and results of the performance of his or her duties, it does not believe that it is necessary for specific shareholders to set up individual interviews with each director to evaluate him or her.

If the clause of this Proposal No.7 was to be stipulated in the Articles of Incorporation, it would be mandatory for all directors of the Company to hold individual interviews with specific shareholders and it would make each director of the Company is required to agree to such individual meetings even if they are not conducted within a reasonable scope or manner.

Since the Company's resources for responding to dialogue with shareholders are limited, if each director is obliged to meet with a particular shareholder individually beyond a reasonable scope and manner, it may affect the implementation of constructive dialogue with other shareholders and dialogue other than individual meetings (such as briefings and IR activities), which may lead to an impact on a sustainable improvement of the Company's corporate value and, in turn, on the common interests of our shareholders.

Accordingly, the Board opposes the Proposal No.7.

End