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April 30, 2026

To all parties concerned,

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Notice of Offering of 1st Series Share Acquisition Rights and 1st Series Unsecured Convertible Bonds with Share Acquisition Rights to be Issued Through Third-Party Allotment

Mitsubishi Pencil Company, Limited (the “Company”) hereby announces that its Board of Directors, at a meeting held on April 30, 2026, resolved to conduct an offering of share acquisition rights (the “Share Acquisition Rights”) and convertible bonds with share acquisition rights (the “Bonds with Share Acquisition Rights,” and the bonds thereof are hereinafter referred to as the “Bonds,” and the share acquisition rights attached thereto are hereinafter referred to as the “Convertible Bond-Type Share Acquisition Rights”; the Share Acquisition Rights and the Bonds with Share Acquisition Rights are hereinafter collectively referred to as the “Securities”) to be issued through a third-party allotment (the “Third-Party Allotment”). The details are described below.

Please also refer to the “Notice Regarding Business Alliance” dated April 30, 2026.

Details

1. Overview of Offering

1st Series Share Acquisition Rights

(1)	Allotment date	May 19, 2026 Under the Subscription Agreement (as defined below), the Scheduled Allottee (as defined below) agrees to pay the total amount of issue price on the due date of payment provided that the conditions set out in the Subscription Agreement are satisfied.
(2)	Total number of share acquisition rights	8,169 acquisition rights (100 yen per Share Acquisition Right)
(3)	Issue price of Share Acquisition Rights	816,900 yen in total
(4)	Number of dilutive shares resulting from issuance	Number of dilutive shares at the initial exercise price (2,448 yen): 816,900 shares Number of dilutive shares at the Floor Exercise Price (2,203 yen): 907,700 shares
(5)	Amount of funds to be	2,000,588,100 yen (estimated net proceeds: 1,989,048,100 yen) (Note)

procured	(Breakdown) Issuance of the Share Acquisition Rights: 816,900 yen Exercise of the Share Acquisition Rights: 1,999,771,200 yen
(6) Exercise price	2,448 yen per share On June 30, 2028, June 30, 2029, June 30, 2030, and March 31, 2031 (individually or collectively, the "Revision Date"), if the average closing price (rounded up to the nearest yen; the "Revision Date Price") of the common shares of the Company in regular trading on the Tokyo Stock Exchange, Inc. (the "TSE") over the 20 consecutive trading days (meaning days on which trading sessions are held on the TSE, however, if the TSE imposes any type of trading suspension or restriction (including temporary trading restrictions) on the Company's common shares, such day shall not be deemed a "trading day"; the same applies hereinafter) ending on (and including) the relevant Revision Date is lower than the exercise price effective on such Revision Date by one yen or more, the exercise price shall be revised to the Revision Date Price from such Revision Date onward. However, if the amount obtained as a result of the above calculation is less than the Floor Exercise Price (as defined below), the revised exercise price shall be the Floor Exercise Price. The "Floor Exercise Price" shall be 2,203 yen.
(7) Method of offering or allotment	By way of third-party allotment
(8) Scheduled allottee	AP PS IV S2, L.P.
(9) Other Matters	The Company will execute the subscription agreement (the "Subscription Agreement") regarding the Share Acquisition Rights and Bonds with Share Acquisition Rights with AP PS IV S2, L.P. (the "Scheduled Allottee") on April 30, 2026. The following matters will be set out in the Subscription Agreement. The date on which the Share Acquisition Rights will be allotted to the Scheduled Allottee is May 19, 2026. (i) The Scheduled Allottee shall not exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights from May 19, 2026 to May 18, 2027. The Scheduled Allottee shall not exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights from May 19, 2027 to May 18, 2029 if the ratio of the cumulative number of the Company's common shares delivered or to be delivered upon the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights (provided that such number is calculated on the assumption that all exercises or conversions were made at the original exercise price or conversion price) to the number of shares of common shares of the Company issuable upon exercise or conversion of all the Securities on an initial basis exceeds the values specified for each of the following periods. The Scheduled Allottee may exercise all of the Share Acquisition Rights or convert all Bonds with Share Acquisition Rights on or after May 19, 2029. (A) Period from May 19, 2027 to May 18, 2028: one-third (B) Period from May 19, 2028 to May 18, 2029: two-thirds (ii) Notwithstanding (i), if (A) an early redemption event prescribed in the issuance guidelines pertaining to the Bonds with Share Acquisition Rights occurs, (B) it is discovered that the conditions

	precedent provided for in the Subscription Agreement are not satisfied on the due date of payment, (C) the Company agrees to the exercise of the Share Acquisition Rights and the Convertible Bond-Type Share Acquisition Rights by the Scheduled Allottee, (D) the Company breaches any of its obligations, representations, or warranties under the Subscription Agreement, (E) the Company breaches the Subscription Agreement, the business alliance agreement dated as of the execution date of the Subscription Agreement between the Company and Advantage Partners (as defined below; the agreement, "Business Alliance Agreement") and the Company's material obligations under a subscription agreement for the total number of shares, or (F) the Company fails to lawfully file its securities report or semiannual securities report, the Scheduled Allottee may exercise the Share Acquisition Rights at any time thereafter. (iii) If the Scheduled Allottee intends to transfer the shares of the Company delivered to the Scheduled Allottee through the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights through off-market trading (excluding tendering for public tender offers (excluding tendering for public tender offers where the Company has expressed opposition), sales in connection with a squeeze-out related to a public tender offer, or trading in which the purchaser is unidentifiable such as PTS trading or off-floor trading), the Scheduled Allottee shall not transfer such shares to any entity or other organization specified separately in the Subscription Agreement without prior written consent of the Company. The Scheduled Allottee agrees that, if the Scheduled Allottee intends to transfer the shares delivered to the Scheduled Allottee through the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights to a third party other than a party prohibited from receiving such transfers through off-market trading, the Scheduled Allottee will consult in good faith with the Company regarding the transferee of such shares, including the possibility of the Company acquiring its treasury shares. (iv) The following matters will be set out in the Subscription Agreement. For further information, please refer to "(5) First refusal right" and "(6) Put options regarding the Share Acquisition Rights" under "6. Reason for Selection of Scheduled Allottee, Etc." below. - First refusal right - Put options regarding the Share Acquisition Rights

Note: The amount of funds to be procured is the aggregate amount of total issue price of the Share Acquisition Rights and the exercise price calculated on the assumption that all of the Share Acquisition Rights are exercised at the initial exercise price. If the exercise price is revised or adjusted, the total amount to be paid and the estimated net proceeds will decrease. If the Share Acquisition Rights are not exercised within the exercise period of the Share Acquisition Rights or acquired and cancelled by the Company, the amount of funds procured will decrease.

1st Series Unsecured Convertible Bonds with Share Acquisition Rights

(1) Due date of payment	May 19, 2026 The allotment date of the Bonds with Share Acquisition Rights is May 19, 2026.

	Under the Subscription Agreement, the Scheduled Allottee agrees to pay the total amount of issue price on the due date of payment provided that the conditions set out in the Subscription Agreement are satisfied.
(2) Total number of share acquisition rights	49 acquisition rights
(3) Issue price of Bonds and Share Acquisition Rights	100.24 yen per 100 yen of each Bond However, no payment in exchange for the Convertible Bond-Type Share Acquisition Rights is required.
(4) Number of dilutive shares resulting from issuance	Number of dilutive shares at the initial conversion price (2,448 yen): 4,084,900 shares Number of dilutive shares at the Floor Conversion Price (2,203 yen): 4,539,200 shares
(5) Amount of funds to be procured	10,023,968,926 yen (estimated net proceeds: 10,012,428,926 yen)
(6) Exercise price or conversion price	2,448 yen per share On June 30, 2028, June 30, 2029, June 30, 2030, and March 31, 2031 (the Revision Date), if the average closing price (rounded up to the nearest yen; the Revision Date Price) of the common shares of the Company in regular trading on the TSE over the 20 consecutive trading days ending on (and including) the relevant Revision Date is lower than the conversion price effective on such Revision Date by one yen or more, the conversion price shall be revised to the Revision Date Price from such Revision Date onward. However, if the amount obtained as a result of the above calculation is less than the Floor Conversion Price (as defined below), the revised conversion price shall be the Floor Conversion Price. The "Floor Conversion Price" shall be 2,203 yen.
(7) Method of offering or allotment	By way of third-party allotment
(8) Scheduled allottee	AP PS IV S2, L.P.
(9) Other Matters	The Company will execute the Subscription Agreement regarding the Share Acquisition Rights and Bonds with Share Acquisition Rights with the Scheduled Allottee on April 30, 2026. The Subscription Agreement sets forth terms and conditions described in "(9) Other Matters" in "1st Series Share Acquisition Rights" under "1. Overview of Offering" above. The date on which the Bonds with Share Acquisition Rights will be allotted to the Scheduled Allottee is May 19, 2026. The following matters will be set out in the Subscription Agreement. For further information, please refer to "(5) First refusal right" and "(7) Right to request early redemption of the Bonds with Share Acquisition Rights" under "6. Reason for Selection of Scheduled Allottee, Etc." below. - First refusal right - Right to request early redemption of the Bonds with Share Acquisition Rights

2. Purpose of and Reasons for Offering

The Company's group (the Company and its affiliated companies; the "Group") consists of the Company and 49 subsidiaries that conduct business focused on writing instruments and related products, as well as other businesses.

Looking ahead to 2036, as the Group approaches its 150th anniversary, the Group is re-examining the value it provides to customers and has formulated its "Vision 2036 (Long-term Vision)", which defines the Group's vision it aspires to achieve, as well as its "Corporate Brand Concept (Corporate Philosophy)," which includes its purpose and business domains for reaching that vision. The Group has defined its long-term vision as "the world's most expressive innovation company" and based on the belief that "everyone is unique in their own way," it aims to deliver value by unleashing the individuality and creativity of people around the world through "writing and drawing" and by bringing them the joy of self-expression.

The Company conducts activities based on a mid-term management plan prepared every three years as a foothold toward the achievement of this long-term vision and as a measure for enhancing corporate value. Building on the progress made under the previous mid-term management plan, which the Company has been implementing since 2022, and with the intent of realizing a corporate transformation and fostering innovation, in January 2025 the Company started a new mid-term management plan extending through 2027, with the basic policy of "uni Advance." For details, please refer to the Company's press release titled "Notice Concerning Formulation of Medium-term Business Plan 2025-2027" issued on February 13, 2025.

Under these circumstances, the Company recognizes that its most critical task is to realize its "Vision 2036 (Long-term Vision)" and accelerate its implementation to enhance the corporate value of the Group. The Company also recognizes the need to secure funds to support disruptive growth and proactive capital policies. Furthermore, to realize its "Vision 2036 (Long-term Vision)," the Company believes it is necessary not only to sustain the growth of the Group's businesses and improve profitability, but also to aim to optimize the global supply chain.

Therefore, the Company has been considering actively utilizing external, high-level management support to ensure the reliable execution of its growth strategy and the sustainable enhancement of corporate value. Specifically, by raising debt capital through bank loans and corporate bonds and securing the liquidity of cash on hand necessary for implementing proactive strategic investments, the Company aims to improve its return on equity (ROE) and continuously enhance corporate value by improving capital efficiency.

While discussing these management challenges internally, the Company received a proposal from Advantage Advisors Co., Ltd. (note that Advantage Advisors Co., Ltd. has carried out an absorption-type merger effective as of July 31, 2025, in which Advantage Advisors Co., Ltd. is the dissolving company and Advantage Partners, Inc. (Address: Toranomon Towers Office 4-1-28 Toranomon, Minato-ku, Tokyo; Representative Directors: Taisuke Sasanuma and Shinichiro Kita) is the surviving company; hereinafter referred to as "Advantage Partners") regarding a business alliance and fundraising in May 2025. Subsequently, the Company has continued discussions with Advantage Partners while exchanging information and holding meetings with them, and after careful consideration of Advantage Partners' specific proposal as well as their track record of supporting numerous listed companies in the past, and determined that forming a business alliance with Advantage Partners and issuing share acquisition rights and convertible bonds with share acquisition rights by way of a third-party allotment to a fund serviced by Advantage Partners is the most appropriate proposal to enhance the corporate value of the Group, on the basis that (i) in addition to Advantage Partners' extensive consulting experience, they will be able to provide highly specialized management support as the Company addresses the business challenges it has identified, and (ii) the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights by way of a third-party allotment as proposed by Advantage Partners is the most suitable fund-raising method for the Company, as described in "Reasons for selecting financing through share acquisition rights and convertible bonds with share acquisition rights" in "(2) Specific use of funds to be procured" in "3. Amount of funds to be procured, purpose of use, and scheduled timing of expenditure" below. As such, the Company determined at the Board of Directors meeting held on April 30, 2026 to proceed with the Third-Party Allotment and to enter into a business alliance with Advantage Partners. The Group will receive diverse support from the Advantage Partners group, including Advantage Partners, leveraging its advanced management expertise and networks, including support in formulating growth strategies, establishing and operating projects to implement specific strategies, and identifying M&A targets, and will advance initiatives aimed at refining and rapidly implementing the Group's management strategy. The Company believes that effectively utilizing the funds raised in this offering for growth investments will lead to an enhancement of corporate value. For details regarding the business alliance, please also refer to the Company's press release titled "Notice Regarding Business Alliance" issued on April 30, 2026.

Furthermore, with the aim of improving capital efficiency, mitigating the impact on shareholders from potential dilution resulting from the exercise of Share Acquisition Rights and Bonds with Share Acquisition Rights by the Scheduled Allottee in the future, promoting capital efficiency, and enhancing shareholder returns, the Company's Board of Directors resolved, at a meeting held on April 30, 2026, to acquire its treasury shares (the "Acquisition of Treasury Shares") on May 1, 2026. Specifically, the Company plans to place an order to purchase the Company's common shares through the TSE's Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3) at 8:45 a.m. on May 1, 2026, based on the closing price of the Company's common shares in regular trading on the TSE on April 30, 2026. While the acquisition of the Company's treasury shares itself will be funded through borrowings from financial institutions, a portion of the funds raised through the Third-Party Allotment is expected to be used to repay such borrowings. For details regarding the acquisition of the Company's treasury shares, please refer to the Company's press release issued on April 30, 2026, titled "Notice Regarding the Acquisition of Treasury Shares and the Purchase of Treasury Shares via the Tokyo Stock Exchange's Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3) (Acquisition of Treasury Shares Pursuant to the Provisions of the Articles of Incorporation Under Article 459, Paragraph 1 of the Companies Act)."

3. Amount of Funds to be Procured, Purpose of Use, and Scheduled Timing of Expenditure

(1) Amount of funds to be procured (estimated net proceeds)

Total amount to be paid in (yen)	Estimated amount of issuance costs (yen)	Estimated net proceeds (yen)
12,024,557,026	23,080,000	12,001,477,026

Note:
1. Consumption taxes and the like are not included in the estimated amount of issuance costs.
2. Issuance costs are mainly comprised of fiscal agent fees, attorney's fees, third-party appraiser fees, expenses for investigating anti-social forces, other administrative expenses (printing service expenses, registration expenses), and the like.
3. The total amount to be paid in is calculated on the assumption that all of the Share Acquisition Rights are exercised at the initial exercise price. If the exercise price is revised or adjusted, the total amount to be paid and the estimated net proceeds will decrease. If the Share Acquisition Rights are not exercised within the exercise period or the Share Acquisition Rights acquired by the Company are cancelled, the total amount to be paid in and the estimated net proceeds will decrease.
4. The estimated amount of issuance costs is the sum of the estimated amount of issuance costs for the Share Acquisition Rights and the estimated amount of issuance costs for the Bonds with Share Acquisition Rights, and the estimated net proceeds is the sum of the estimated net proceeds for the Share Acquisition Rights and the estimated net proceeds for the Bonds with Share Acquisition Rights.

(2) Specific use of funds to be procured

In respect of the 12,001,477,026 yen of the abovementioned estimated net proceeds, (A) the funds to repay loans related to the acquisition of the Company's treasury shares are scheduled to be allocated by no later than May 2026, (B) the funds for additional investment in the growth of the Company's overseas writing instruments business are scheduled to be allocated by no later than May 2031, and (C) the funds for additional investment aimed at optimizing the global supply chain are scheduled to be allocated by no later than May 2031. The breakdown of such funds is as follows.

The funds raised for the purposes described in (A), (B), and (C) above will be managed and held in the Company's bank deposits until the actual expenditures are made, and the Company will manage the balance to ensure that the bank deposit balance does not fall below the amount raised.

Specific use of funds	Amount (Millions of yen)	Scheduled timing of expenditure
(A) Repayment of loans related to the acquisition of treasury shares	10,000	May 2026
(B) Additional investment in the growth of the Company's overseas writing instruments business	1,501	May 2026 to May 2031
(C) Additional investment aimed at optimizing the global supply chain	500	May 2026 to May 2031

Use of proceeds

As described in "2. Purpose of and Reasons for Offering" above, the proceeds from the Third-Party Allotment are intended to be used not only to sustain the growth of the Group's business and improve the profitability, but also to implement key initiatives aimed at optimizing the global supply chain. These initiatives, launched in conjunction with the Company's business alliance with Advantage Partners, represent concrete measures to address the management challenges facing the Company and will serve as the foundation for mid- to long-term growth aimed at enhancing corporate value.

(A) Repayment of loans related to the acquisition of treasury shares

The Company intends to optimize its capital structure and strengthen its financial foundation through a recapitalization involving the issuance of the Bonds with Share Acquisition Rights.

The Company has decided to conduct the Acquisition of Treasury Shares with the aim of improving capital efficiency, mitigating the impact on shareholders resulting from future dilution caused by the exercise of Share Acquisition Rights and the Bonds with Share Acquisition Rights by the Scheduled Allottee, promoting capital efficiency, and enhancing shareholder returns. Specifically, the Company plans to place an order to purchase the Company's common shares through the TSE's Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3) at 8:45 a.m. on May 1, 2026, based on the closing price of the Company's common shares in regular trading on the TSE on April 30, 2026.

Since the Company plans to conduct the settlement of the Acquisition of Treasury Shares prior to the payment date of the Third-Party Allotment, the Company plans to temporarily borrow 10 billion yen from The Bank of Yokohama, Ltd. in May 2026 to fund the Acquisition of Treasury Shares. However, the Company intends to allocate 10,000 million yen of the proceeds from the Third-Party Allotment after the payment date to repay the loan.

(B) Additional investment in the growth of the Company's overseas writing instruments business

To accelerate the growth of the Company's overseas writing instruments business, the Company plans to allocate 1,501 million yen to strengthen the Company's organizational structure including expansion of its workforce at overseas locations, enhance sales promotion initiatives, and make growth investments in the Company's brands and other areas. Specifically, the Company plans to invest approximately an additional 500 million yen in each of the North American, European, and Asian markets to implement these measures.

(C) Additional investment aimed at optimizing the global supply chain

The Company plans to allocate 500 million yen to optimize the global supply chain, including investments in factory restructuring, the renewal of manufacturing equipment, and new manufacturing facilities. Specifically, the Company plans to invest an additional 100 million yen in factory restructuring, 100 million yen in renewal of manufacturing equipment, and 300 million yen in new manufacturing facilities.

Reasons for selecting financing through share acquisition rights and convertible bonds with share acquisition rights

In securing the funds necessary for enhancing corporate value and sustainable growth, the Company examined a number of financing methods. As a result, the Company concluded that the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights by way of third-party allotment is the most appropriate financing method for the following reasons.

(A) In the case of financing through issuing new shares by way of public offering or third-party allotment, while it is possible to complete financing by issuing new shares at the same time and without requiring redemption, because the number of issued shares immediately increases, there is a possibility that such method may have a significant impact on the share price. On the other hand, financing through the issuance of share acquisition rights and convertible bonds with share acquisition rights does not result in immediate dilution of shares, and is therefore expected to have a relatively limited impact on the share price. In addition, because issuing only convertible bonds with share acquisition rights would increase the amount of liabilities that the Company may be obligated to redeem, the Company decided to issue share acquisition rights, which are equity and can limit the impact of dilution, in conjunction with the bonds.

(B) In the case of financing through the issuance of share acquisition rights, while it is generally possible to avoid immediate dilution as in the case of financing through issuing convertible bonds with share acquisition rights, there is a possibility that the Company would be unable to procure funds at the time or in the amount that it initially expected. Therefore, the Company decided to combine share acquisition rights with convertible bonds with share acquisition rights in order to raise a large amount of funds (10,024,785,826 yen in total) on the due date of payment.

(C) In the case of financing through bank loans, while it would be necessary to repay the principal and interest at maturity, it is generally possible to procure a considerable amount of funds without interest through the issuance of convertible bonds with share acquisition rights, and if the share price rises and the conversion into shares processes in the future, it is expected that the Company's equity capital may be enhanced and its financial foundation may be reinforced without the need to repay the amount equivalent to the face value amount.

(D) While a rights offering eliminates concerns about dilution among shareholders who fulfill their contributions, it is extremely difficult for the Company to estimate the amount of funds to be raised since the participation rate of the existing shareholders who are the allottees is uncertain. In contrast, using a financing method with convertible bonds with share acquisition rights, the full amount of funds is paid in on the payment date.

(E) So-called rights offerings include commitment-type rights offerings, in which the issuing company enters into an underwriting agreement with a financial instruments business operator, and non-commitment-type rights offerings, in which the issuing company does not enter into such an agreement and the exercise of share acquisition rights is left to the discretion of shareholders. However, commitment-type rights offerings have few precedents in Japan and are still at an early stage of development as a financing method. Costs such as underwriting fees are expected to increase, so they may not be an appropriate financing method. In addition, non-commitment rights offerings require procedures such as resolutions at a general meeting of shareholders and entail considerable procedures and time before funds can be raised. Accordingly, after taking into account factors such as speed, cost, and the Company's current funding needs, the Company determined that the issuance of the Share Acquisition Rights and Bonds with Share Acquisition Rights is the most appropriate financing method at this time.

Merits and demerits of the financing scheme through issuance of the Share Acquisition Rights and

the Bonds with Share Acquisition Rights

Merits

(A) Securities issuance enables the raising of a certain amount of funds

The issuance of the Bonds with Share Acquisition Rights will enable the Company to raise a certain amount of funds at the time of issuance.

(B) Ensuring the possibility of exercise and conversion within a certain range during periods of falling share prices

Since the exercise price of the Share Acquisition Rights and the Bonds with Share Acquisition Rights may be adjusted downward on the Revision Date, the Company believes that, even during periods of falling share prices, the Scheduled Allottee is likely to convert or exercise the Bonds with Share Acquisition Rights and the Share Acquisition Rights, depending on the level of the share price.

(C) Consideration of the impact on the interests of existing shareholders

The impact of the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights on the interests of the existing shareholders is expected to be limited due to the fact that (i) the Share Acquisition Rights and the Bonds with Share Acquisition Rights are expected to be exercised and converted multiple times in response to share price movements and the exercises and conversions are expected to be dispersed, meaning that a temporary excess supply of the Company's shares is likely to be avoided, unlike the issuance of common shares, which would cause immediate dilution, and (ii) the Floor Exercise Price of the Share Acquisition Rights is set at 2,203 yen, and the Floor Conversion Price of the Bonds with Share Acquisition Rights is set at 2,203 yen.

(D) Improvement in indicators of financial soundness

Since both the proceeds from the Share Acquisition Rights and the Bonds with Share Acquisition Rights that are subject to conversion are classified as equity capital, indicators of financial soundness will improve.

Demerits

(A) Limited initial financing

Although immediate financing funding is possible for the Bonds with Share Acquisition Rights portion, the full amount of the financing from the Share Acquisition Rights will not be raised at the time of the initial issuance, at such time as the Share Acquisition Rights are exercised by the holders.

(B) Possibility of significantly lower financing than initially estimated due to share price slump

Since the Floor Conversion Price of the Bonds with Share Acquisition Rights is set at 2,203 yen and the Floor Exercise Price of the Share Acquisition Rights is set at 2,203 yen, there is a possibility that the rights will not be exercised depending on the share price at the time.

(C) Inability to benefit from increased financing when the share price rises

Since the Scheduled Allottee will accept the allocation of the Bonds with Share Acquisition Rights and the Share Acquisition Rights as stated in "(3) Holding policy of the Scheduled Allottee" under "6. Reason for Selection of Scheduled Allottee, Etc." below with the aim of realizing capital gains derived from the Scheduled Allottee's expectation of the Company's mid- to long-term growth and its pursuit of enhancing the Company's mid- to long-term corporate value and maximizing shareholder value, even if the conversion price of the Bonds with Share Acquisition Rights and the exercise price of the Share Acquisition Rights is revised, the revised conversion price and exercise price cannot exceed the initial conversion price and exercise price. Therefore, even if the average closing price of the common shares of the Company in regular trading on the TSE over the 20 consecutive trading days ending on the Revision Date of the conversion price and exercise price exceeds the initial conversion price and exercise price, the conversion price and exercise price will not be revised, the maximum number of shares to be delivered and the dilution ratio will not decrease, and the Company will not benefit from increased financing.

(D) Limited sources of funding
Since this is a third-party allotment (a contract between the Company and the Scheduled Allottee), the Company will not be able to benefit from raising funds from a broad base of new investors.

(E) Temporary increase in debt-to-equity ratio
At the time of issuance, the Bonds with Share Acquisition Rights are classified as liabilities for accounting purposes and are not included in equity, resulting in a temporary increase in the debt-to-equity ratio.

In addition, as a result of the discussions with the Scheduled Allottee to delay the timing of dilution of the share value as much as possible, it will be agreed on in the Subscription Agreement that, as a reasonable period of time and amount to confirm any enhancement of corporate value and sustainable growth obtained through financing by the Bonds with Share Acquisition Rights, (i) the Scheduled Allottee shall not exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights from May 19, 2026 to May 18, 2027 and (ii) the Scheduled Allottee shall not exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights from May 19, 2027 to May 18, 2029 if the ratio of the cumulative number of the Company's common shares delivered or to be delivered upon the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights (provided that such number is calculated on the assumption that all exercises or conversions were made at the original exercise price or conversion price) to the number of shares of common shares of the Company issuable upon exercise or conversion of all the Securities on an initial basis exceeds the values specified for each of the following periods (except in the case of falling under the reasons listed in (ii) of "(9) Other matters" in "1st Series Share Acquisition Rights" in "1. Overview of Offering").

(A) Period from May 19, 2027 to May 18, 2028: one-third
(B) Period from May 19, 2028 to May 18, 2029: two-thirds

Since the Scheduled Allottee intends to acquire capital gains to be obtained by aiming to increase the corporate value of the Company and maximize the share price of the Company in the mid- to long-term (during which time the Scheduled Allottee will recover its investment funds upon the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights into common shares and the sale of such shares), the exercise price or conversion price of the Share Acquisition Rights and the Bonds with Share Acquisition Rights is structured such that it cannot be increased. In accordance with the intended purpose and the design, the Scheduled Allottee will exercise the Share Acquisition Rights and convert the Bonds with Share Acquisition Rights into shares at the time that the Scheduled Allottee deems appropriate taking into account the share price of common shares of the Company and other matters during the period in which the Share Acquisition Rights and the Bonds with Share Acquisition Rights are exercisable. Based on the above, premised on the fact that the Scheduled Allottee will consider the share price and existing shareholders' benefits, aiming to increase the corporate value of the Company and maximize the share price of the Company in the mid- to long-term while responding to the Company's funding needs benefits the Scheduled Allottee. Therefore, the Company concluded that the most appropriate financing method is to execute the Subscription Agreement and issue the Share Acquisition Rights and the Bonds with Share Acquisition Rights through third-party allotment.

4. Views Concerning Rationality of Use of Funds

The Company believes that the use of funds is reasonable from the Company's business perspective because the allocation of the funds procured from the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights for the uses stated above in "(2) Specific use of funds to be procured" under "3. Amount and Use of Funds to be Procured, and Scheduled Timing of Expenditure" is connected with an increase in corporate value and the maximization of shareholder benefit.

5. Rationality of Issuance Conditions, Etc.

(1) Basis of calculation and specific details of the amount to be paid in

(A) Share Acquisition Rights

In order to ensure fairness in the determination of the issuance conditions of the Share Acquisition Rights, the Company requested Plutus Consulting Co., Ltd. (Address: 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo; Representative: Mahito Noguchi) ("Plutus"), a third-party institution independent from the Company and the Scheduled Allottee, to calculate the value of the Share Acquisition Rights and the Bonds with Share Acquisition Rights and received a valuation report (the "Valuation Report") of the Share Acquisition Rights and the Bonds with Share Acquisition Rights on April 28, 2026. Plutus utilized a Monte Carlo simulation when evaluating the Share Acquisition Rights, which as a price calculation model could reflect the various conditions set out in terms and conditions and the like for the Share Acquisition Rights against the calculation results in a relative and appropriate manner. Plutus also calculated the fair value of the Share Acquisition Rights by reflecting the trading volume (liquidity) on the stock market, after setting certain conditions for the Company's share price (2,437 yen), volatility (26.56%), dividend yield (2.05%), risk-free interest rate (1.869%), etc. and positing certain premises on the Scheduled Allottee's act of exercising its rights, taking into account the various conditions set out in the terms and conditions of the Share Acquisition Rights, the market environment on the valuation reference date (April 28, 2026), and other factors.

The exercise price of the Share Acquisition Rights has been set at 2,448 yen (representing a premium of 0.45% to the closing price of the Company's common shares on the last business day before the Board of Directors resolution (2,437 yen)) as a result of discussions with the Scheduled Allottee, in consideration of the financial and business conditions of the Company. The exercise price of the Share Acquisition Rights will be adjusted following consultation with the Scheduled Allottee, and if the average closing price of the Company's common shares in regular trading on the TSE over the 20 consecutive trading days ending on (and including) the Revision Date (the Revision Date Price) is lower than the exercise price effective on such Revision Date by one yen or more, the exercise price shall be revised to the Revision Date Price from such Revision Date onward. The initial exercise price is equivalent to the average closing price (rounded to the nearest whole number; the same applies hereinafter) of the Company's common shares in regular trading on the TSE during the 20 business days preceding and including April 28, 2026, and the Floor Exercise Price is the price 10% lower than the initial exercise price (representing a 9.60% discount relative to the closing price of the Company's common shares on the business day immediately before the date of the Board of Directors' resolution, which was 2,437 yen). This is considered to be not unreasonable given that it is not excessively low compared to the Company's share price as of the last trading day before the resolution to issue Share Acquisition Rights.

Regarding the revised exercise price, (A) the Company has entered into a business alliance agreement with Advantage Partners, and that the Scheduled Allottee (the funds managed by Advantage Partners) plan to hold the Bonds with Share Acquisition Rights and the Share Acquisition Rights over the mid- to long term, and (B) if the exercise price were set based on the closing price on the business day prior to the Revision Date or the average of closing prices over a short period, it cannot be ruled out that the closing price on the Revision Date could deviate from the trend of the Company's share price around the Revision Date. In light of the foregoing, the Company considers it reasonable to set the adjusted exercise price as the average of the closing prices of the Company's common shares in regular trading over the 20 consecutive trading days up to and including the Revision Date.

Regarding the initial exercise price, considering that the Scheduled Allottee intends to hold the Bonds with Share Acquisition Rights and the Share Acquisition Rights over the mid- to long term, the Company believes it is reasonable to set the price at the average closing price of the Company's common shares in regular trading on the TSE over the 20 business days preceding the date of the resolution to issue, including that date.

Given the above, the Company has determined the issue price of the Share Acquisition Rights (100 yen) to be the amount equal to the appraised value evaluated by Plutus. Because no significantly unreasonable point was found in respect of the procedures for such calculation, the Company determined that the issuance conditions for the Share Acquisition Rights do not constitute an issuance with particularly favorable conditions (*yuri hakko*), and that the price is appropriate and reasonable.

The Audit & Supervisory Board of the Company expressed an opinion that, as a result of the examination based on the details of explanation for the terms and conditions, as well as the results of the Valuation Report pertaining to the Share Acquisition Rights, the issuance of the Share Acquisition Rights is not particularly advantageous (*yuri hakko*) to the Scheduled Allottee and that no material facts have been identified that would constitute a violation of laws and regulations regarding the judgement of the directors on the grounds that Plutus, a third party valuation institution independent from the Company and the Scheduled Allottee, calculated the value of the Share Acquisition Rights, that the calculation method of the value of the Share Acquisition Rights utilized by Plutus is a generally accepted and reasonable method pursuant to financial engineering, that the valuation is based on the main facts that may have an impact on the appraised value of the Share Acquisition Rights and no unreasonable point was found in respect of the calculation process and premises, etc., for the terms and conditions, and that the amount to be paid in for the Share Acquisition Rights is equal to the fair value of the Share Acquisition Rights.

(B) Bonds with Share Acquisition Rights

In order to ensure fairness in the determination of the issuance conditions of the Bonds with Share Acquisition Rights, the Company requested Plutus, a third-party institution independent from the Company and the Scheduled Allottee, to calculate the value of the Share Acquisition Rights and the Bonds with Share Acquisition Rights and received the Valuation Report on April 28, 2026. Plutus utilized a Monte Carlo simulation when evaluating the Bonds with Share Acquisition Rights, which as a price calculation model could reflect the various conditions set out in the terms and conditions and the like for the Bonds with Share Acquisition Rights against the calculation results in a relative and appropriate manner. Plutus also calculated the fair value of the Bonds with Share Acquisition Rights by reflecting the trading volume (liquidity) on the stock market, after setting certain conditions for the Company's share price (2,437 yen), volatility (26.56%), dividend yield (2.05%), risk-free interest rate (1.869%), etc. and positing certain premises on the Scheduled Allottee's act of exercising its rights, taking into account the various conditions set out in the terms and conditions of the Bonds with Share Acquisition Rights, the market environment on the valuation reference date (April 28, 2026), and other factors.

The conversion price of the Bonds with Share Acquisition Rights has been set at 2,448 yen (representing a premium of 0.45% to the closing price of the Company's common shares on the last business day before the Board of Directors resolution (2,437 yen)) as a result of discussions with the Scheduled Allottee, in consideration of the financial and business conditions of the Company. The conversion price of the Bonds with Share Acquisition Rights will be adjusted following consultation with the Scheduled Allottee and, if the average closing price of the Company's common shares in regular trading on the TSE over the 20 consecutive trading days ending on (and including) the Revision Date (the Revision Date Price) is lower than the conversion price effective on such Revision Date by one yen or more, the conversion price shall be revised to the Revision Date Price from such Revision Date onward . The initial conversion price is equivalent to the average closing price of the Company's common shares in regular trading on the TSE during the 20 business days preceding and including April 28, 2026, and the Floor Conversion Price is the price 10% lower than the initial conversion price (representing a 9.60% discount relative to the closing price of the Company's common shares on the business day immediately before the date of the Board of Directors' resolution, which was 2,437 yen). This is considered to be not unreasonable given that it is not excessively low compared to the Company's share price as of the last trading day before the resolution to issue Bonds with Share Acquisition Rights.

The reason for determining the revised conversion price and the initial conversion price based on the average share price over a certain period is the same as described in "A. Share Acquisition Rights" above.

Given the above, the Company has determined the issue price of the Bonds with Share Acquisition Rights (100.24 yen per 100 yen of each bond) to be the amount higher than the bond appraised value (94.7 yen per 100 yen of each bond) evaluated by Plutus. Because the substantial consideration for the Convertible Bond-Type Share Acquisition Rights is generally equal to the fair value of the Convertible Bond-Type Share Acquisition Rights after comparing the economic interests that the Company may acquire by attaching the Convertible Bond-Type Share Acquisition Rights to the Bonds with the fair value of the Convertible Bond-Type Share Acquisition Rights themselves based on the financial engineering, and because no significantly unreasonable point was found in respect of the procedures for such calculation, the Company determined that the issuance conditions for the Bonds with Share Acquisition Rights do not constitute an issuance with particularly favorable conditions (*yuri hakko*), and that the price is appropriate and reasonable.

The Audit & Supervisory Board of the Company expressed an opinion that, as a result of the examination based on the details of explanation for the issuance terms and conditions, as well as the results of the Valuation Report pertaining to the Bonds with Share Acquisition Rights, the issuance of the Bonds with Share Acquisition Rights is not particularly advantageous (*yuri hakko*) to the Scheduled Allottee and that no material facts have been identified that would constitute a violation of laws and regulations regarding the judgement of the directors on the grounds that Plutus, a third party valuation institution independent from the Company and the Scheduled Allottee, calculated the value of the Bonds with Share Acquisition Rights, that the calculation method of the value of the Bonds with Share Acquisition Rights utilized by Plutus is a generally accepted and reasonable method pursuant to financial engineering, that the valuation is based on the main facts that may have an impact on the appraised value of the Bonds with Share Acquisition Rights and no unreasonable point was found in respect of the calculation process and premises, etc., for the terms and conditions, and that the substantial consideration for the Share Acquisition Rights attached to the Bonds with Share Acquisition Rights is generally equal to the fair value of the Share Acquisition Rights.

(2) Basis of judgment that the issuance quantity and impact of dilution are reasonable

The total of the number of common shares of the Company to be delivered if all of the Share Acquisition Rights are exercised at the initial exercise price of 2,448 yen (816,900 shares/8,169 voting rights) and the number of common shares of the Company to be delivered if all of the Bonds with Share Acquisition Rights are converted at the initial conversion price of 2,448 yen (4,084,900 shares/40,849 voting rights) is 4,901,800 shares (49,018 voting rights), and such number represents 8.16% (rounded to the second decimal place; the same applies hereinafter) of 60,042,592 shares, which is the total number of issued shares of the Company as of December 31, 2025, and 9.07% of 540,494 voting rights, which is the total number of voting rights of the Company as of December 31, 2025, respectively. The total of the number of common shares of the Company if all of the Share Acquisition Rights are exercised at the Floor Exercise Price of 2,203 yen (907,700 shares/9,077 voting rights) and the number of common shares of the Company to be issued if all of the Bonds with Share Acquisition Rights are converted at the Floor Conversion Price of 2,203 yen (4,539,200 shares/45,392 voting rights) is 5,446,900 shares (54,469 voting rights) which is the total number of issued shares of the Company, and 9.07% of 60,042,592 shares, which is the total number of voting rights of the Company as of December 31, 2025, and 10.08% of 540,494 voting rights, which is the total number of voting rights of the Company as of December 31, 2025, respectively.

In order to mitigate the short-term impact of the Third-Party Allotment on the supply and demand of the Company's shares and to minimize the impact on existing shareholders, the Company resolved at the Board of Directors meeting held on April 30, 2026 to acquire its treasury shares through the TSE's Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3) on May 1, 2026. The class of shares to be acquired will be common shares, the total number of shares to be acquired will be 4,200,000 shares (maximum; the "Maximum Number of Shares to Acquire"), and the acquisition price will be the closing price of the Company's common shares in regular trading on the TSE on April 30, 2026. If the Acquisition of Treasury Shares is carried out up to the Maximum Number of Shares to be Acquired, the number of treasury shares held by the Company will increase by 4,200,000 shares, and the total number of voting rights will decrease by 42,000 voting rights. If the Acquisition of Treasury Shares is carried out up to the Maximum Number of Shares to be Acquired, the degree of dilution will be 9.83% relative to the number of voting rights (498,494 voting rights) obtained by deducting the number of voting rights reduced by the Acquisition of Treasury Shares (42,000 voting rights) from the total number of voting rights as of December 31, 2025 (540,494 voting rights).

Note: The Company announced in its press release titled "Notice on Determination of Matters Concerning Acquisition of Shares Under the Share-Based Remuneration Plan for Management-level Employees" issued on April 30, 2026 that, in connection with the introduction of a share-based remuneration plan for management-level employees (the "Plan"), the Company has resolved to dispose of 82,800 shares of common stock of the Company (the "Disposal of Treasury Shares (Employees)") to Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: Custody Bank of Japan, Ltd. (Trust Account)), which serves as the trustee of the trust established for the implementation of the Plan (the "Trust"). In addition, the Company announced in its press release titled "Notice on Disposal of Treasury Shares as Restricted Share-Based Remuneration" issued on April 30, 2026 that, in connection with the introduction of a stock compensation plan for the Company's directors (excluding outside directors) and executive officers, the Company has resolved to dispose of 25,800 shares of common stock of the Company as treasury shares to the Company's directors (excluding outside directors) and executive officers (the "Disposal of Treasury Shares (Directors and Officers)" and, together with the "Disposal of Treasury Shares (Employees)," the "Disposal of Treasury Shares"). The disposal date for the Disposal of Treasury Shares (Employees) is May 15, 2026. In addition, the disposal date for the Disposal of Treasury Shares (Directors and Officers) is May 18, 2026. As a result of the Disposal of Treasury Shares, the number of the Company's treasury shares will decrease by 108,600 shares, and the total number of voting rights will increase by 1,086 voting rights. If the Disposal of Treasury Shares is conducted after the Acquisition of Treasury Shares has been completed up to the Maximum Number of Shares to Acquire, the dilution ratio will be 9.81% of the total number of voting rights (499,580 voting rights) calculated by deducting the number of voting rights reduced by the Acquisition of Treasury Shares (42,000 voting rights) from the number of voting rights as of December 31, 2025 (540,494 voting rights), and then adding the number of voting rights (1,086 voting rights) increased by the Disposal of Treasury Shares.

However, the Company believes that the allocation of the funds procured from the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights as stated above in "(2) Specific use of funds to be procured" of "3. Amount and Use of Funds to be Procured, and Scheduled Timing of Expenditure" will contribute to improved corporate value and continuous growth, accordingly, the Company determined that the scale of the dilution of shares due to the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights will not have an excessive impact on the market and is reasonable.

6. Reason for Selection of Scheduled Allottee, Etc.

(1) Overview of Scheduled Allottee

(As of April 30, 2026)

(i)	Name	AP PS IV S2, L.P.
(ii)	Location	c/o Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands
(iii)	Basis of establishment, etc.	The Exempted Limited Partnership Law of the Cayman Islands
(iv)	Purpose of formation	Investment
(v)	Date of formation	February 3, 2026
(vi)	Scheduled investment amount	5,900,000,000 yen
(vii)	Investors, investment	AP Private Solutions Fund IV 46.7%

<table>
<tr><td></td><td>ratio and overview of investors</td><td colspan="2">AP PS IV (Cayman), L.P. 52.8%
Other 0.5%</td></tr>
<tr><td rowspan="5">(viii)</td><td rowspan="5">Overview of general partner</td><td>Name</td><td>AP PS IV Investment, Inc.</td></tr>
<tr><td>Location</td><td>190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands</td></tr>
<tr><td>Title and name of representative</td><td>Douglas R. Stringer, Director</td></tr>
<tr><td>Description of business</td><td>Management and administration of investment partnership assets</td></tr>
<tr><td>Stated capital</td><td>1,000 U.S. dollars</td></tr>
<tr><td>(ix)</td><td>Overview of Japanese agent</td><td colspan="2">Not applicable.</td></tr>
<tr><td rowspan="3">(x)</td><td rowspan="3">Relationship with the Company and the fund</td><td>Relationship between listed company and fund</td><td>The Company, and the Company’s relevant parties and affiliates do not directly or indirectly invest in the fund.</td></tr>
<tr><td>Relationship between listed company and general partner</td><td>There is no capital, personnel, or transactional relationship to be noted between the Company and the general partner of the fund. Also, there is no capital, personnel, or transactional relationship to be specifically noted between the Company and the Company’s relevant parties and affiliates, and the fund’s general partner, the fund’s investors (including current investors), and the relevant parties and affiliates of the fund’s general partner.</td></tr>
<tr><td>Relationship between listed company and Japanese agent</td><td>Not applicable.</td></tr>
</table>

Note: The Company requested Riskpro Inc. (Representative: Hitoshi Koitabashi; Head Office: Chiyoda-ku, Tokyo), a third party research institution, to research whether or not the Scheduled Allottee, its general partner and officers, and all investors of the Scheduled Allottee (collectively, the “Scheduled Allottee Relevant Parties”) are anti-social forces such as organized crime groups, etc., and whether or not they have any relationship with anti-social forces. The Company received a report from Riskpro Inc. that it examined, analyzed, and verified documents and materials, confirmed previous acts, attribute information, lawsuit records, criminal records, and other matters, made inquiries to various related institutions, collected reputational information, and conducted on-site surveys in relation to the Scheduled Allottee, its related corporations and other groups, and its related individuals. AP PS IV Investment, Inc. substantially has the authority, with respect to the share certificates, etc. held by the Scheduled Allottee, to exercise shareholder rights, or to direct the exercise thereof, or to make investment decisions.

The Company received a written report on March 11, 2026 stating to the effect that as a result of such research, no information was found which indicates that the persons subject to such research have any relationship with anti-social forces, etc. or have committed illegal acts.

Therefore, the Company determined that the Scheduled Allottee Relevant Parties have no relationship with anti-social forces such as organized crime groups, etc. The Company also filed their confirmation that the Scheduled Allottee Relevant Parties have no relationship with anti-social forces with the TSE.

(2) Reason for selection of Scheduled Allottee

The Company selected AP PS IV S2, L.P. as the Scheduled Allottee of the Share Acquisition Rights and the Bonds with Share Acquisition Rights for the following reasons.

As stated above in “2. Purpose and Reasons for Offering,” the Company believes, to realize its “Vision 2036 (Long-term Vision),” it is necessary not only to sustain the growth of the Group’s businesses, diversify the

Group's operations, and improve profitability, but also to enhance organizational strength by cultivating and securing next-generation talent. Under these circumstances, Advantage Partners proposed to provide the Company with business support and information provision through the network, in addition to the procurement of funds, around May 2025.

In addition, Advantage Partners introduced to the Company a fund for which Advantage Partners provides services as the Scheduled Allottee as a financing method that may satisfy the Company's needs, in which the Company desires to procure necessary funds while fully considering the share price and existing shareholders benefit. Advantage Partners provides management and financial advice, and provides information by using its own network, to the listed companies in which the fund for which the Advantage Partners provides services or the fund in which a group company of the Advantage Partners invests in order to maximize investment returns for the fund for which Advantage Partners provides services or the fund in which a group company of the Advantage Partners invests. After consideration through exchanges of various information, interviews, and the like, the Company has determined that through third-party allotment of the Share Acquisition Rights and the Bonds with Share Acquisition Rights to the fund for which Advantage Partners provides services, it will be possible to receive not only financing but also high-level management support for (A) the resolution of management issues of which the Company is aware, such as sustaining the growth of the Group's businesses, diversifying the Group's operations, and improving profitability, and also enhancing organizational strength by cultivating and securing next-generation talent, and (B) the execution of the "Vision 2036 (Long-term Vision)" and the mid-term management plan to improve the Company's corporate value. In other words, the Company has determined that by allocating the procured funds to the acquisition of its treasury shares, business diversifications and investment in human resources, the Company will be able to improve the corporate value and sustainable growth. At the same time, through a business alliance with Advantage Partners, the Company will combine Advantage Partners' strategic advice based on its expertise in management and finance cultivated by the track record of providing strategic advice and extensive network, promptly procure a large amount of interest-free financing, and contribute to the strengthening of the Company's financial base if the Share Acquisition Rights are exercised as anticipated by the Company, and thereby improve the Company's corporate value. Therefore, around January 2026, the Company has selected the fund for which Advantage Partners provides services, as the Scheduled Allottee.

(3) Holding policy of the Scheduled Allottee

The Company has received oral explanations from the Scheduled Allottee that the Scheduled Allottee has the policy in which it will not transfer the Share Acquisition Rights or the Bonds with Share Acquisition Rights to a third party within a short period of time after the allocation because the Scheduled Allottee anticipates the mid-to long-term growth of the Company and intends to acquire capital gains to be obtained by aiming to increase the corporate value of the Company and maximize the share price of the Company in the mid- to long-term (during which time the Scheduled Allottee will recover its investment funds upon the exercise of the Share Acquisition Rights and the conversion of the Bonds with Share Acquisition Rights into common shares and the sale of such shares). However, the Scheduled Allottee has the policy in which it will sell the common shares of the Company to be delivered upon the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights while taking into account the operating results of the corporate group, the status of distribution, market trends and other matters.

As stated above in "(9) Other Matters" in "1st Series Share Acquisition Rights" and "(9) Other Matters" in "1st Series Unsecured Convertible Bonds with Share Acquisition Rights" under "1. Overview of Offering," in principle, the Scheduled Allottee may not be able to (i) exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights from May 19, 2026 to May 18, 2027, (ii) exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights from May 19, 2027 to May 18, 2029 if the ratio of the cumulative number of the Company's common shares delivered or to be delivered upon the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights (provided that such number is calculated on the assumption that all exercises or conversions were made at the original exercise price or conversion price) to the number of shares of common shares of the Company issuable upon exercise or conversion of all the Securities on an initial basis exceeds the values specified for each of the following periods.

(A) Period from May 19, 2027 to May 18, 2028: one-third
(B) Period from May 19, 2028 to May 18, 2029: two-thirds

As stated in "(4) Confirmation of the existence of assets required for the Scheduled Allottee to make payment" below, in the event of the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights, the Scheduled Allottee plans to sell the shares of the Company acquired by the exercise or conversion of the Bonds with Share Acquisition Rights and allocate the proceeds of the sale to the exercise of the Share Acquisition Rights, in a lump sum or repeatedly.

Although there is no restriction on transfer of share acquisition rights with respect to the Share Acquisition Rights and the Bonds with Share Acquisition Rights as provided for in Article 236, Paragraph 1, item (vi) of the Companies Act, as a restriction under the Subscription Agreement executed between the Company and the Scheduled Allottee, it is agreed that any transfer of the Share Acquisition Rights or the Bonds with Share Acquisition Rights to a third party by the Scheduled Allottee will require the Company's approval by resolution of the Board of Directors of the Company (however, this shall not apply to the creation of a pledge on the Share Acquisition Rights and the Bonds with Share Acquisition Rights for the purpose of securing any debts owed by the Scheduled Allottee to the financial institution which is scheduled to make the loan to the Scheduled Allottee in connection with the payment of the issue price of the Share Acquisition Rights and the Bonds with Share Acquisition Rights, the transfer of the pledge in connection with the assignment of the status or rights of the financial institution under the agreement pertaining to the loan, and the acquisition or disposition of the Share Acquisition Rights and the Bonds with Share Acquisition Rights by the pledgee upon the execution of the pledge). In the case of a transfer of the Share Acquisition Rights or the Bonds with Share Acquisition Rights with such approval by a resolution of the Board of Directors of the Company, it is confirmed that the transferee will succeed to the rights and obligations relating to prior identity verification and anti-social forces compliance checks, confirmation of the source of the funds for the payment upon the exercise, confirmation of the holding policy for the Share Acquisition Rights or the Bonds with Share Acquisition Rights and the shares to be acquired upon the exercise or conversion thereof, restrictions on the exercise under the agreement to be executed between the Company and the Scheduled Allottee, and the like, and if the transfer is approved, the Company will disclose the details of the transfer.

In addition, the Scheduled Allottee will agree that if the Scheduled Allottee intends to transfer the shares of the Company delivered to the Scheduled Allottee through the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights through off-market trading (excluding tendering for public tender offers (excluding tendering for public tender offers where the Company has expressed opposition), sales in connection with a squeeze-out related to a public tender offer, or trading in which the purchaser is unidentifiable such as PTS trading or off-floor trading), the Scheduled Allottee shall not transfer such shares to any entity or other organization specified separately in the Subscription Agreement without prior written consent of the Company. The Scheduled Allottee agrees that, if the Scheduled Allottee intends to transfer the shares delivered to the Scheduled Allottee through the exercise of the Share Acquisition Rights or the conversion of the Bonds with Share Acquisition Rights to a third party other than a party prohibited from receiving such transfers through off-market trading, the Scheduled Allottee will consult in good faith with the Company regarding the transferee of such shares, including the possibility of the Company acquiring its treasury shares.

(4) Confirmation of the existence of assets required for the Scheduled Allottee to make payment

With respect to the existence of the assets required for the Scheduled Allottee of the Share Acquisition Rights and the Bonds with Share Acquisition Rights to pay the issue price, the Company obtained a copy of the account balance (as of April 27, 2026) issued by the transaction bank of the Scheduled Allottee of the Share Acquisition Rights and the Bonds with Share Acquisition Rights, and the Letter of Commitment (as of April 27, 2026) obtained by the Scheduled Allottee from Sumitomo Mitsui Banking Corporation indicating that the bank is prepared to make a loan in the maximum amount of 6,000,000,000 yen on the specific conditions (such as interest rate, term, and repayment method) that were separately determined upon consultation. The Company examined the loan term, loan type, repayment method, conditions for loan drawdown, and other matters, and confirmed that the relevant loan will be executed on May 18, 2026 and that there are no material conditions that would prevent the execution of such loan between the Scheduled Allottee and Sumitomo Mitsui Banking Corporation.

Based on the results of such confirmation, the Company determined that the payment of the issue price of the Share Acquisition Rights and the Bonds with Share Acquisition Rights is assured.

The Company has not been able to confirm the total amount necessary for the exercise of the Share Acquisition Rights; however, upon the exercise of the Share Acquisition Rights, the Scheduled Allottee's basic intention is to exercise the Share Acquisition Rights or convert the Bonds with Share Acquisition Rights, sell the shares of the Company acquired by the exercise or conversion, and allocate the proceeds of the sale to the exercise of the Share Acquisition Rights, in a lump sum or repeatedly; therefore, it is not necessary to secure the full amount necessary for the exercise of the Share Acquisition Rights at this time. The funds to which Advantage Partners provides services or the funds in which Advantage Partners Group invests also underwrite the share acquisition rights and bonds with share acquisition rights of a number of companies, and as some of these companies adopt a scheme generally equivalent to this case, the Company has confirmed through meetings that the funds necessary for the exercise of share acquisition rights will be procured by selling the shares of the company acquired through the exercise of the share acquisition rights of the conversion of bonds with share acquisition rights.

(5) First refusal right

The Company will agree in the Subscription Agreement that, for the period from the due date of payment until the date on which the ownership ratio of share certificates, etc. of the Scheduled Allottee (meaning the ownership ratio of share certificates, etc. as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act (the "FIEA"); the same applies hereinafter) falls below 1%, the Company shall not issue, dispose, or grant (the "Issuance, Etc.") the shares, share acquisition rights, bonds with share acquisition rights, or other dilutive shares of the Company (collectively, the "Shares, Etc.") without obtaining the prior consent of the Scheduled Allottee in writing or by electronic or magnetic means (however, excluding (A) the Issuance, Etc. of Shares, Etc. based on the Company's share-based remuneration plan (meaning transfer-restricted share-based remuneration plan or share ownership trust intended for officers and employees if the Company group; the same applies hereinafter) or (B) any actions taken in accordance with the Company's policy regarding the acquisition of its shares, as announced in the "Notice on Renewal of Response Policy for Large-Scale Acquisitions of the Shares in the Company (Takeover Response Policy)" dated February 13, 2025, or any updates thereto(if such response policy is updated in the future, it shall include the updated response policy; the "Takeover Response Policy"; if the Company makes any Issuance, Etc. of Shares, Etc. pursuant to the Takeover Response Policy, the Company shall consult with the Scheduled Allottee in advance to the extent practicable, taking into account the intent of the Takeover Response Policy.), and that for the period from the due date of payment until the date on which the shareholding ratio of the Scheduled Allottee falls below 1%, if the Company intends to make any Issuance, Etc. of the Shares, Etc. to a third party (excluding, however, the Issuance, Etc. of Shares, Etc. pursuant to the Company's share-based remuneration plan and actions taken in accordance with the Takeover Response Policy), the Company shall notify the Scheduled Allottee of the details of the Shares, Etc. and the conditions of the Issuance, Etc. and confirm whether the Scheduled Allottee intends to subscribe for all or part of the Shares, Etc. under those conditions prior to the agreement with the third party for the Issuance, Etc. of the Shares, Etc., and if the Scheduled Allottee wishes to subscribe for the Shares, Etc., the Company shall perform the Issuance, Etc. of the Shares, Etc. to the Scheduled Allottee, on the same conditions, on behalf of, or in addition to, the third party.

(6) Put options regarding the Share Acquisition Rights

In the event that (A) a public tender offer is made for the shares issued by the Company pursuant to the FIEA, and the Company expresses its consent to the said offer and as a result of the offer the party that has made the tender offer announces that the shares of the Company may be delisted from all financial instrument exchanges in Japan on which the shares of the Company are listed, (B) a Delisting Event (defined below) occurs, or is reasonably expected to occur, with respect to the shares issued by the Company, (C) a Corporate Restructuring Activity (defined below) with respect to the shares issued by the Company is approved by the board of directors of the Company, (D) a Control Change Event (defined below) occurs, or is reasonably expected to occur, with respect to the shares issued by the Company, (E) a Squeeze-Out Event (defined below) occurs, or is reasonably expected to occur, with respect to the shares issued by the Company, or (F) the shares issued by the Company are designated, or are reasonably expected to be designated, as Securities Under Supervision by the TSE, the Scheduled Allottee may, at its own discretion, request the Company to acquire all or part of the Share Acquisition Rights by giving written notice to the Company. The Company will acquire the Share Acquisition Rights pertaining to that acquisition request at a price equivalent to the amount to be paid in per Share Acquisition Right on the earlier of either i) the fifth business day from the business day immediately following the day on which the written notice pertaining to the acquisition request reaches the Company, or ii) the delisting date.

"Delisting Event" refers to any event where a matter prescribed in Rule 601, Paragraph 1 of the Securities Listing Regulations of the TSE arises with respect to the Company or its corporate group or an event where, on or after the allotment date of the Share Acquisition Rights, the Company records an excess of debt in its financial statements or consolidated financial statements as of the last day of a fiscal year, and when the Company is not able to clear that excess of debt during the six-month period from the day immediately following the last day of that fiscal year.

"Corporate Restructuring Activity" refers to the execution of a merger agreement in which the Company is the disappearing entity, the execution of an absorption-type company split agreement or the preparation of an incorporation-type company split plan in which the Company is the split-off entity, the execution of a share exchange agreement or preparation of a share transfer plan in which the Company becomes a wholly owned subsidiary of another company, or the preparation of a share delivery plan in which the share delivery parent company will acquire all of the issued shares of the Company, or another corporate restructuring procedure under Japanese law.

"Control Change Event" refers to any event where the ownership ratio of share certificates, etc. (meaning "ownership ratio of share certificates, etc." as defined in Article 27-23, Paragraph 4 of the FIEA) of a specified shareholder group (meaning holders, including "holders" as defined in Article 27-23, Paragraph 3 of the FIEA, and joint holders (meaning "joint holders" as defined in Article 27-23, Paragraph 5 of the FIEA, as well as those deemed to be joint holders pursuant to Paragraph 6 of the same Article) of the share certificates, etc. exceeds 50%.

"Squeeze-Out Event" refers to any event where (i) a resolution is passed at the Company's shareholder meeting to acquire all of the common shares of the Company for consideration after amending the Articles of Association to make the common shares of the Company into shares subject to class-wide call, (ii) a resolution is passed by the Company's Board of Directors to approve a request by a special controlling shareholder (defined in Article 179, Paragraph 1 of the Companies Act) of the Company to sell Shares, Etc. to other Company shareholders, or (iii) a resolution is passed at the Company's shareholder meeting to approve a consolidation of the common shares of the Company that results in delisting.

After the issuance of the Share Acquisition Rights, in the event that (A) the closing price of the common shares of the Company on the TSE is less than 60% of the exercise price of the Share Acquisition Rights (rounded down to the nearest yen) over three consecutive trading days, (B) the average trading volume per trading day of the common shares of the Company in regular trading on the TSE over any ten consecutive trading days is less than 20% of the average trading volume per trading day over the ten consecutive trading days prior to the due date of payment, (C) the Scheduled Allottee holds any Share Acquisition Rights that have not been exercised as of one month prior to the last day of the exercise period for the Share Acquisition Rights, (D) the Business Alliance Agreement is terminated, or (E) trading of the common shares of the Company on the TSE has been suspended for a period of five trading days or more, the Scheduled Allottee may, at its own discretion, request the Company to acquire all or part of the Share Acquisition Rights by giving written notice to the Company. The Company will acquire the Share Acquisition Rights pertaining to that acquisition request at a price equivalent to the amount to be paid in per Share Acquisition Right on the fifth business day from the business day immediately following the day on which the written notice pertaining to the acquisition request reaches the Company.

(7) Right to request early redemption of the Bonds with Share Acquisition Rights

Notwithstanding the issuance guidelines of the Bonds with Share Acquisition Rights, in certain cases specified in the Subscription Agreement, each Scheduled Allottee shall have the right, at any time and at its discretion, to notify the Company in writing in advance, designating a date falling within a period of not less than 30 days and not more than 60 days from the date of such notice as the purchase date, and to request that the Company repurchase, at a price of 100 yen per 100 yen of face value, the amount of the Bonds with Share Acquisition Rights held by the Scheduled Allottee as specified in such notice. In the event of such a request, the Company agrees to repurchase the amount of the Bonds with Share Acquisition Rights specified in such notice at a price of 100 yen per 100 yen of face value, with the repurchase date falling within a period of not less than 30 days and not more than 60 days from the date of such notice.

7. Major Shareholders and Ownership Ratio After the Offering

Before offering (As of December 31, 2025)		After offering	
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.40%	AP PS IV S2, L.P.	7.95%
The Bank of Yokohama, Ltd.	4.99%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.89%
Mitsubishi Pencil Customers Shareholding Association	4.32%	The Bank of Yokohama, Ltd.	4.59%
Sumitomo Mitsui Banking Corporation	4.24%	Mitsubishi Pencil Customers Shareholding Association	3.97%
Sumitomo Mitsui Trust Bank, Limited	4.18%	Sumitomo Mitsui Banking Corporation	3.90%
DAIDO LIFE INSURANCE COMPANY	4.13%	Sumitomo Mitsui Trust Bank, Limited	3.85%
Custody Bank of Japan, Ltd. (Trust Account)	3.60%	DAIDO LIFE INSURANCE COMPANY	3.80%
Meiji Yasuda Life Insurance Company	2.85%	Custody Bank of Japan, Ltd. (Trust Account)	3.31%
Mizuho Bank, Ltd.	2.71%	Meiji Yasuda Life Insurance Company	2.62%
STATE STREET BANK AND TRUST COMPANY 50513 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing)	2.64%	Mizuho Bank, Ltd.	2.50%

Note:
1. The major shareholders and shareholding ratios before the offering are calculated by dividing the number of shares held as of December 31, 2025 by the total number of issued shares (excluding treasury shares; same applies in Note 2. below) as of that date.
2. The major shareholders and shareholding ratios after the offering are calculated by adding the number of common shares of the Company (4,901,800 shares) to be delivered upon the exercise of all of the Share Acquisition Rights at the initial exercise price (2,448 yen) and the conversion of all of the Bonds with Share Acquisition Rights at the initial conversion price (2,448 yen) to the total number of issued shares as of December 31, 2025.
3. The shareholding ratio is rounded down to the second decimal place.

4. In addition to the above, the Company holds 3,355,757 treasury shares (as of December 31, 2025). As described in the “Notice Regarding the Acquisition of Treasury Shares and the Purchase of Treasury Shares via the Tokyo Stock Exchange’s Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3) (Acquisition of Treasury Shares Pursuant to the Provisions of the Articles of Incorporation Under Article 459, Paragraph 1 of the Companies Act)” announced separately on April 30, 2026, the Company resolved at a Board of Directors meeting held on April 30, 2026 to acquire its treasury shares pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act. Specifically, the Company plans to place an order to purchase the Company’s common shares through the TSE’s Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3) at 8:45 a.m. on May 1, 2026, based on the closing price of the Company’s common shares in regular trading on the TSE on April 30, 2026. In addition, as stated in the “Notice on Determination of Matters Concerning Acquisition of Shares Under the Share-Based Remuneration Plan for Management-level Employees” separately announced on April 30, 2026, the Company resolved at a Board of Directors meeting held on April 30, 2026 to conduct the Disposal of Treasury Shares (Employees). Specifically, the Company plans to dispose of 82,800 shares of its common shares to Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: Custody Bank of Japan, Ltd. (Trust Account)), which serves as the trustee of the Trust, with a disposal date of May 15, 2026. In addition, as stated in the “Notice on Disposal of Treasury Shares as Restricted Share-Based Remuneration” separately announced on April 30, 2026, the Board of Directors, at its meeting held on April 30, 2026, resolved to carry out the Disposal of Treasury Shares (Directors and Officers). Specifically, the Company will dispose of 25,800 shares of its common stock as treasury shares to the Company’s directors (excluding outside directors) and executive officers, with the disposal date set for May 18, 2026.

8. Future Outlook

Although this issue of the Share Acquisition Rights and the Bonds with Share Acquisition Rights through third-party allotment is expected to have a minimal impact on the operating results of the corporate group for this fiscal year, the Company believes that it will be able to proceed with management reform despite a harsh economic environment through the advice which it will receive from Advantage Partners on matters such as management, finances, sales, and recruiting while enhancing the Company’s equity capital and strengthening and reinforcing its financial foundation by this issue of the Share Acquisition Rights and the Bonds with Share Acquisition Rights through third-party allotment.

9. Matters Concerning the Procedures Required by the Corporate Code of Conduct

Since (i) the dilution ratio resulting from the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights is less than 25% and (ii) the issuance of the Share Acquisition Rights and the Bonds with Share Acquisition Rights does not result in a change in the controlling shareholder (even if all of the Share Acquisition Rights are exercised and all of the Bonds with Share Acquisition Rights are converted into common shares, no change in the controlling shareholder is anticipated), the procedures for obtaining an opinion from an independent third party and confirming the will of shareholders, as stipulated in Rule 432 of the Securities Listing Regulations established by the TSE are not required.

10. Operating Results and Status of Equity Finance Executed for the Last Three Years

(1) Operating results for the last three years

(Denominated in millions of yen)

	FY ended December 2023	FY ended December 2024	FY ended December 2025
Consolidated sales revenue	74,801	88,820	89,814

Consolidated operating profit	11,851	12,189	9,692
Consolidated ordinary profit	12,889	12,952	10,028
Net profit for the year or net loss for the year attributable to shareholders of the parent	10,166	11,272	6,235
Net profit for the year or net loss for the year per share (Yen)	186.77	204.80	114.27
Dividend per share (yen)	40.00	46.00	52.00
Consolidated net asset per share (yen)	2,110.06	2,320.42	2,560.99

(2) Current number of issued shares and dilutive shares

Type	Number of shares	Ratio to the number of issued shares
Number of issued shares	60,042,592 shares	100.00%
Number of dilutive shares at current conversion price (exercise price)	-	-
Number of dilutive shares at the minimum conversion price (exercise price)	-	-
Number of dilutive shares at the maximum conversion price (exercise price)	-	-

(3) Status of recent share prices

(A) Status for the last three years

	FY ended December 2023	FY ended December 2024	FY ended December 2025
Opening price	1,423 yen	2,066 yen	2,308 yen
Highest price	2,161 yen	2,760 yen	2,715 yen
Lowest price	1,359 yen	1,809 yen	1,981 yen
Closing price	2,086 yen	2,302 yen	2,177 yen

(B) Status for the last six months

	November 2025	December 2025	January 2026	February 2026	March 2026	April 2026
Opening price	2,062 yen	2,154 yen	2,177 yen	2,285 yen	2,402 yen	2,348 yen
Highest price	2,264 yen	2,242 yen	2,358 yen	2,453 yen	2,499 yen	2,515 yen
Lowest price	2,006 yen	2,054 yen	2,142 yen	2,161 yen	2,226 yen	2,345 yen
Closing price	2,150 yen	2,177 yen	2,290 yen	2,452 yen	2,309 yen	2,437 yen

Note: The share price for April 2026 is as of April 28, 2026.

(C) Share prices on the day immediately preceding the date of resolution for issuance.

	As of April 28, 2026
Opening price	2,370 yen
Highest price	2,437 yen
Lowest price	2,363 yen
Closing price	2,437 yen

(4) Status of equity finance executed for the last three years
Not applicable.

11. Issuance Guidelines

See attachment. (Japanese Only)

End