



Supplementary Explanatory Materials regarding the  
“Notice Regarding Introduction of Response Policy concerning  
Large-Scale Acquisition of the Company’s Share Certificates, Etc.,  
in Response to Large-Scale Acquisition of the Company Shares by  
City Index Eleventh Co., Ltd., Etc.”  
2025/11/4

## Purpose of Introducing the Response Policy

### 1. Securing the time reasonably necessary to carry out procedures to ensure that a viable acquisition proposal will be made

- **The likelihood of the successful completion of the tender offer** (the “Tender Offer”) for the Company Shares by Kalon Holdings **has considerably decreased** (a large volume of trading of the Company Shares has been conducted at market prices greatly exceeding the tender offer price)

The need to **secure time reasonably necessary to carry out procedures to ensure that a viable acquisition proposal will be made**

### 2. Ensuring the necessary time and information for shareholders

- City Index Eleventh Co., Ltd., Ms. Aya Nomura, and City Index First Co., Ltd. (collectively, “CI11, Etc.”) are conducting **a rapid and large-scale buy up** of the Company Shares **without making appropriate information disclosures (acquiring 17.63% within just 17 business days)**, creating **significant coercive pressure on general shareholders to sell their shares on the market**

The need to **secure the information and time** necessary for shareholders to **make appropriate decisions on the appropriateness of the share buy up**



## Characteristics of the Response Policy

### 1. Securing the time reasonably necessary to carry out procedures to ensure that a viable acquisition proposal will be made

- The Response Policy has been introduced for the purpose of **securing the time reasonably necessary for the Company to carry out procedures to ensure that a viable acquisition proposal will be made** in light of the circumstances where the likelihood of the successful completion of the Tender Offer has considerably decreased
- The Company intends to promptly **carry out procedures involving potential acquirers, including third parties other than Kalon Holdings**, for the purpose of **obtaining a viable acquisition proposal** that would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders

### 2. The effective period, in principle, expires on February 28, 2026

### 3. Triggered only upon non-compliance with the procedures

- **No countermeasures will be triggered as long as the procedures stipulated in this Response Policy are duly observed**

### 4. Respect of shareholders' intent

- The shareholders' intent will be fully respected, and **any dilution of voting rights will be implemented only if it is approved at a Shareholders' Intent Confirmation Meeting**



### Current Situation

- A large-scale buy up by CI11, Etc. is being conducted and a large volume of trading of the Company Shares has been conducted at market prices greatly exceeding the Tender Offer Price  
→ **the likelihood of the successful completion of the Tender Offer has considerably decreased**

### Need for Response

- Need to **secure the time reasonably necessary to carry out procedures to ensure that a viable acquisition proposal (\*)** that would contribute to the corporate value of the Company and the common interests of its shareholders **will be made**
  - (\*) including, but not limited to, **any revised proposal** should Kalon Holdings alter the terms of the Tender Offer, and **proposals from third parties other than Kalon Holdings**
- The Company intends to promptly **carry out procedures involving potential acquirers, including third parties other than Kalon Holdings**, for the purpose of **obtaining a viable acquisition proposal** that would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders



### Current Situation

- CI11, Etc. is conducting a rapid and large-scale buy up of the Company Shares without making appropriate information disclosures (**acquiring 17.63% within just 17 business days**)  
→ **creating significant coercive pressure on general shareholders to sell their shares in the market**

### Need for Response

- The need to **secure the information and time necessary for shareholders to make appropriate decisions** on the appropriateness of the share buy up
  - \* If the share buy up is conducted without sufficient provision of information and with the impact on corporate value remaining unclear, shareholders may be compelled to sell their shares in order to avoid potential risks of corporate value impairment

**Any dilution of voting rights will be implemented only if:**

- (1) a Large-Scale Purchaser fails to comply with the rules stipulated in the Response Policy; and**
- (2) the shareholders' approval is obtained at a Shareholders' Intent Confirmation Meeting**

## **1. Triggered only in the event of non-compliance with the procedures**

- As long as a Large-Scale Purchaser provides shareholders with the information and time necessary for their decision-making when purchasing shares, such purchases will not be hindered by the Response Policy

## **2. Respect for shareholders' intent to the maximum extent**

- No dilution of voting rights will be implemented unless it is approved at a Shareholders' Intent Confirmation Meeting

**The effective period is limited to the extent necessary in light of the purpose and, in principle, expires on **February 28, 2026****

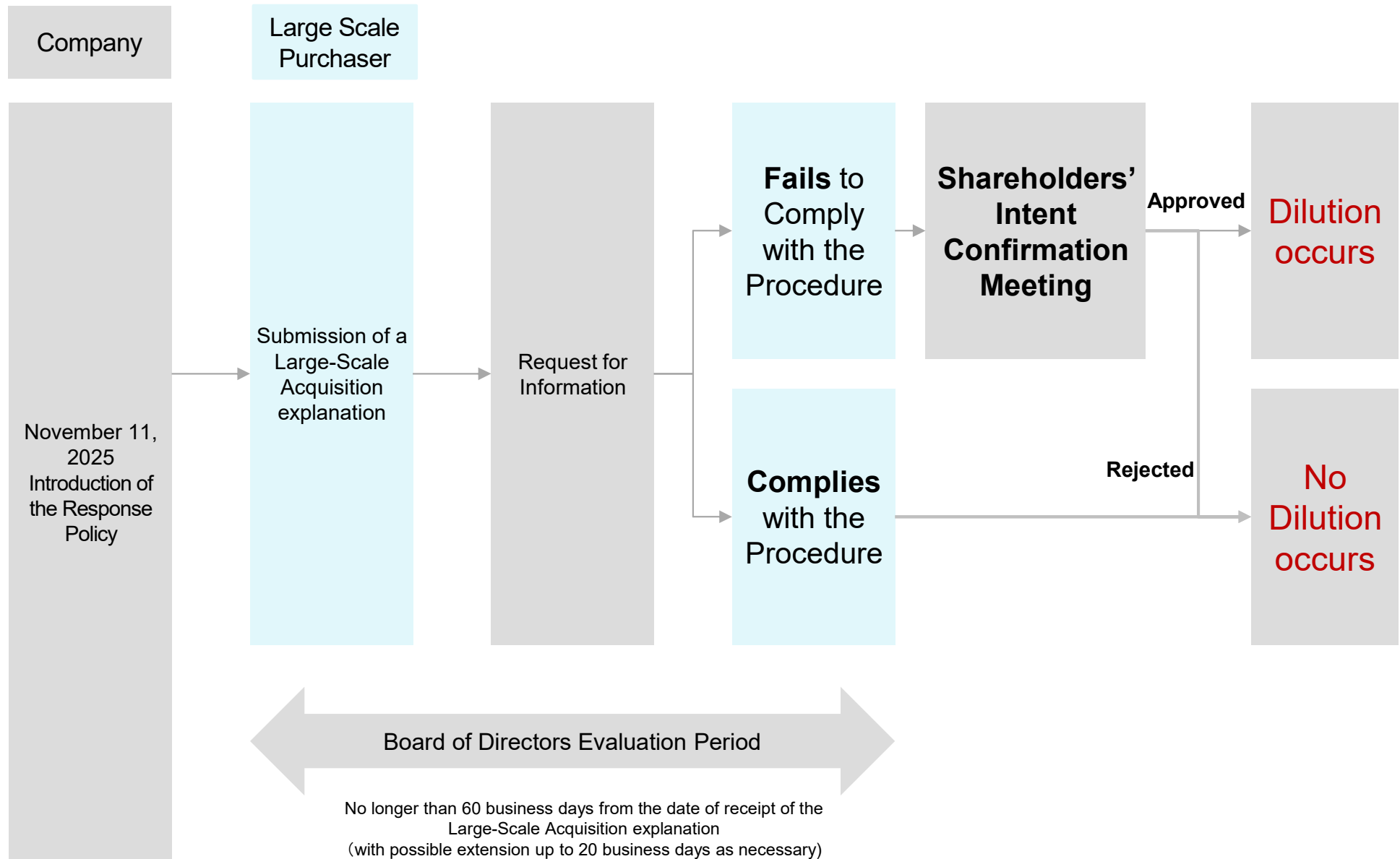
**1. Securing the time to ensure that a viable acquisition proposal will be made**

- The Company intends to promptly **carry out procedures involving potential acquirers, including third parties other than Kalon Holdings**, for the purpose of **obtaining a viable acquisition proposal** that would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders
- **It is reasonable to set the effective period until February 28, 2026** in order to secure the time reasonably necessary to carry out procedures to ensure that a viable acquisition proposal will be made

**2. Securing the information and time necessary for shareholders**

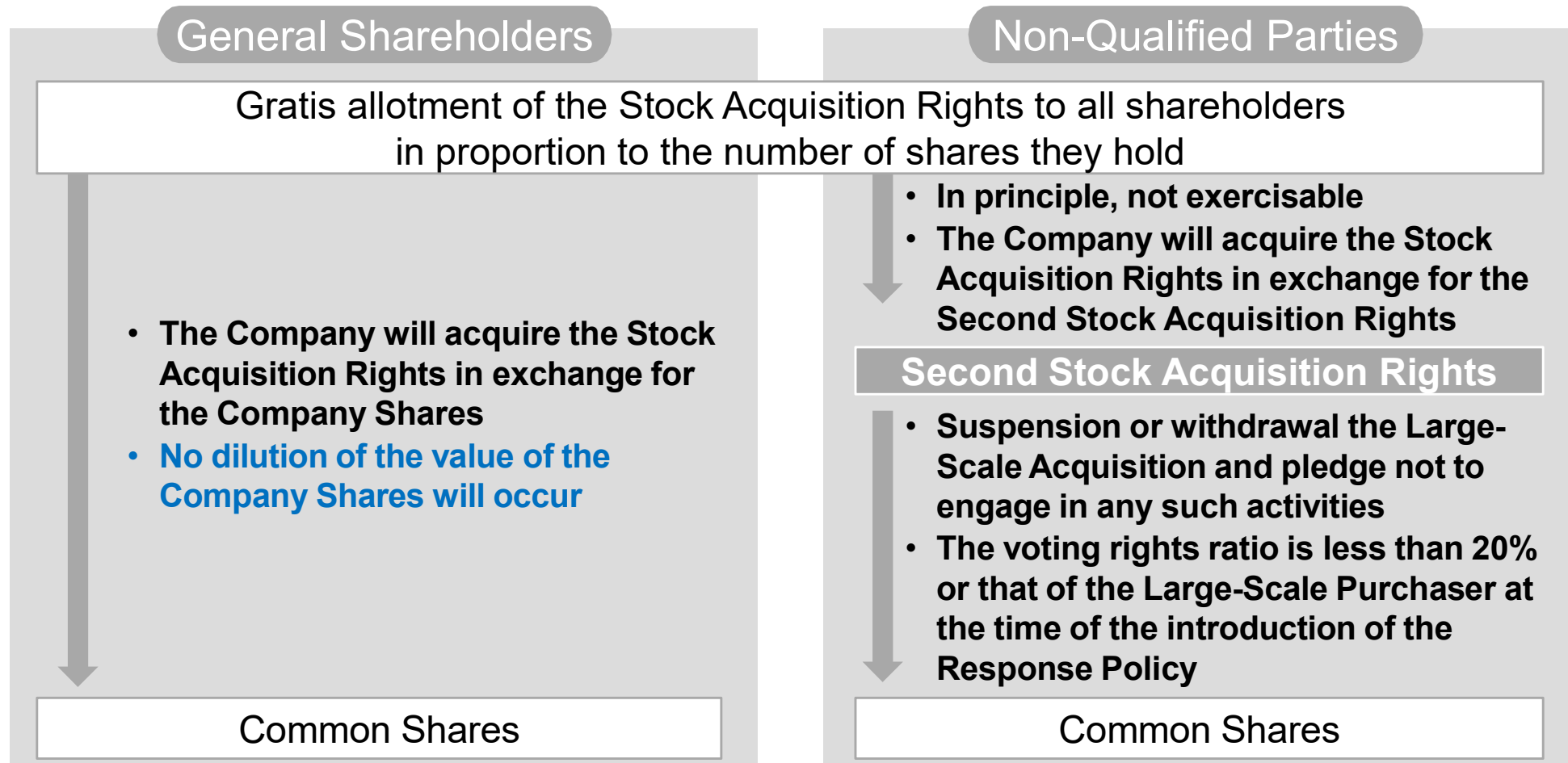
- CI11, Etc. is conducting a rapid and large-scale buy up without providing information regarding the purpose and plan of the share buy up and management policy thereafter
- It is reasonable to set the effective period until February 28, 2026 to secure the information and time necessary for shareholders to make appropriate decisions on the appropriateness of the share buy up

# Appendix: Outline of Procedures for Dilution





- **The voting rights of the general shareholders will not be diluted**



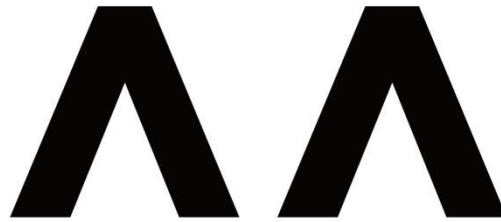


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This material has been prepared to provide an easy-to-understand summary of the Response Policy in order to facilitate investors' understanding. For the precise details of the Response Policy, please refer to the press release titled "Notice Regarding Introduction of Response Policy concerning Large-Scale Acquisition of the Company's Share Certificates, Etc., in Response to Large-Scale Acquisition of the Company Shares by City Index Eleventh Co., Ltd., Etc." dated November 4, 2025 (the "Press Release"). In the event of any discrepancy or inconsistency between the content of this material and the Press Release, the content in the Press Release shall prevail.

**BE ANYTHING,  
BE EVERYTHING.**



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