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Announcement of Tender Offer for Shares of Elematec Corporation (Securities Code: 2715)

Toyota Tsusho Corporation (hereinafter referred to as the "Tender Offeror") hereby announces that its board of directors passed a resolution today to acquire the common shares of Elematec Corporation (Securities Code: 2715, listed on the Prime Market of Tokyo Stock Exchange, Inc. (hereinafter referred to as "TSE"); hereinafter referred to as the "Target Company"). Such common shares are hereinafter referred to as the "Target Company Shares" and will be acquired by way of tender offer (hereinafter referred to as the "Tender Offer") as stipulated in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter referred to as the "Act"), as detailed below.

1. Purpose of the Tender Offer, etc.

(1) Outline of the Tender Offer

As of today, the Tender Offeror owns 24,005,800 shares of the Target Company Shares, listed on the Prime Market of TSE (ownership ratio (Note 1): 58.63%), and the Target Company is a consolidated subsidiary of the Tender Offeror.

(Note 1) The "Ownership Ratio" refers to the ratio (rounded to two decimal places; hereinafter the same applies to the calculation of the Ownership Ratio) of the number of shares, calculated by deducting the number of treasury shares owned by the Target Company as of September 30, 2024 (1,358,813 shares) from the total number of issued shares (40,946,133 shares) from the total number of shares issued (42,304,946 shares) stated in the “Financial Results for the Second Quarter of the Fiscal Year Ending March 2025 [IFRS] (Consolidated)” announced by the Target Company today (hereinafter referred to as the "Target Company’s Financial Results").

Today, the Tender Offeror decided to commence the Tender Offer in order to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company), at 2,400 yen per share of the Target Company Share (as per the Target Company Shares of the Tender Offer referred to as the "Tender Offer Price"). The Tender Offer is part of a series of transactions for the purpose of making the Tender Offeror the sole shareholder of the Target Company and making the Target Company a wholly-owned subsidiary of the Tender Offeror (hereinafter referred to as the "Transaction").

The Tender Offeror has set the lower limit of shares to be purchased at 3,291,600 shares (Ownership Ratio: 8.04 %), and if the total number of share certificates, etc. tendered in response to the Tender

Offer (hereinafter referred to as the "Tendered Share Certificates, etc.") is less than the lower limit of shares to be purchased (3,291,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, etc. On the other hand, the Tender Offeror intends to acquire all shares of the Target Company (excluding shares owned by the Tender Offeror and treasury shares owned by the Target Company), and therefore, no upper limit on the number of shares to be purchased has been set. If the total number of Tendered Share Certificates, etc. is equal to or exceeds the lower limit of shares to be purchased (3,291,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, etc.

The lower limit of shares to be purchased (3,291,600 shares) has been set so that, after the completion of the Tender Offer, the total number of voting rights of the Target Company to be held by the Tender Offeror will account for at least two-thirds of the total voting rights of the Target Company. This number is calculated by multiplying two-thirds by the number of voting rights (409,461 units) corresponding to the number of shares (40,946,133 shares), which is obtained by deducting the number of treasury shares owned by the Target Company as of September 30, 2024 (1,358,813 shares) from the total number of shares issued of the Target Company (42,304,946 shares), as stated in the Target Company's Financial Results. This results in (272,974 units, rounded up to the nearest decimal point), which is then subtracted by the number of voting rights (240,058 units) corresponding to the Target Company Shares currently owned by the Tender Offeror (24,005,800 shares). Finally, this remaining number of voting rights (32,916 units) is multiplied by the share unit number of the Target Company, which is 100 shares. The reason for setting this lower limit of shares to be purchased is that, while the Tender Offeror aims to make the Target Company's shareholders comprise only the Tender Offeror through this Tender Offer, in the event that the Tender Offer is successful but the Tender Offeror fails to acquire all of the Target Company Shares (excluding shares owned by the Tender Offeror and treasury shares owned by the Target Company), and needs to implement the share consolidation procedures described in "(4) Policies for Reorganization after the Completion of the Tender Offer (Matters Concerning the So-Called "Two-Step Acquisition")" below, a special resolution at a shareholders meeting, as stipulated in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), will be required, and this lower limit is set to ensure that the Tender Offeror can satisfy such requirement.

If the Tender Offer has been completed but not all of the Target Company Shares are acquired through the Tender Offer (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company), the Tender Offeror plans to implement a series of procedures after the completion of the Tender Offer to have the Target Company's shareholders comprise only the Tender Offeror (hereinafter referred to as the "Squeeze-Out Procedures").

For an overview of the Squeeze-Out Procedures, please refer to Section (4) "Policies for Reorganization after the Completion of the Tender Offer (Matters Concerning the So-Called "Two-Step Acquisition")" provided below.

In addition, according to the "Announcement of Opinion in Support of the Tender Offer for the Company Shares by Parent Company Toyota Tsusho Corporation and Recommendation for our Shareholders to Tender Their Shares in the Tender Offer" published by the Target Company today (hereinafter referred to as the "Target Company Press Release"), at the Target Company's board of directors meeting held today, the Target Company passed a resolution declaring its opinion supporting the Tender Offer, and recommending that its shareholders tender their shares in the Tender Offer.

For details regarding the decision-making process of the Target Company, please refer to the Target Company Press Release and also to "1. Background, Purpose, and Decision-making Process Leading to the Implementation of the Tender Offer" and "(2) The Decision-Making Process and Its Reasons at the Target Company" in "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer" below.

(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer, and Management Policy After the Tender Offer

1. Background, Purpose, and Decision-making Process Leading to the Implementation of the Tender Offer

(i) Background of the Tender Offer

The Tender Offeror was established in July 1948, under the trade name "Nisshin Tsusho Kaisha Ltd," succeeding the commercial division of Toyota Sangyo Co., Ltd. (豐田産業株式会社), and subsequently changed its trade name to "Toyota Tsusho Kaisha, Ltd. (豐田通商株式会社)" in July 1956. Subsequently, the Tender Offeror was listed on the Nagoya Stock Exchange (hereinafter referred to as the "NSE") in October 1961. The Tender Offeror was subsequently listed on the Tokyo Stock Exchange in January 1977. In July 1987, the Tender Offeror changed its trade name to the current "Toyota Tsusho Corporation (豊田通商株式会社)." In April 2000, it merged with Kasho Company Limited. Later that year, in November, it acquired part of the steel business operations of Tomen Corporation and its subsidiaries. In April 2006, it merged with Tomen Corporation. As a result of the restructuring of the market divisions of the Tokyo Stock Exchange in April 2022, the Tender Offeror is currently listed on the Prime Market of TSE and the Premier Market of the NSE. In commitment of its basic philosophy and its continuous realization, the Tender Offeror established its "Global Vision" in May 2016, as both a goal and milestone to be achieved, articulating "Be the Right ONE" as its ideal vision. In its medium-term management plan, the Tender Offeror has identified seven areas as priority fields: Next Mobility (Note 2), Renewable Energy & Energy Management, Africa, Circular Economy, Batteries, Hydrogen & Alternative Fuels, and Economy of Life.

(Note 2) This refers to the business sector related to next-generation mobility.

As of today, the Tender Offeror Group (referring to the Tender Offeror and its subsidiaries and affiliates; the same applies hereinafter) consists of the Tender Offeror, 780 consolidated subsidiaries, and 242 equity-method affiliates. The Group's main business involves trading a variety of commodities including metals, automobiles, automotive components, machinery, chemicals, and food products both domestically and internationally. The Group also engages in manufacturing, processing and sales of these commodities, business investments, and the provision of services. It is composed of the following divisions: Metal+(Plus) Division, Circular Economy Division, Supply Chain Division, Mobility Division, Green Infrastructure Division, Digital Solutions Division, Lifestyle Division, Africa Division, and Administrative Unit. The Digital Solutions Division, responsible for expanding synergies and creating new added value with the Target Company in the electronics industry, constantly stays ahead of technological innovation and digital transformation. To further expand its solutions business that includes addressing challenges related to a next-generation mobility society through the utilization of devices and software. It operates in two fields: Devices & Software and Information and Communications Technology (ICT).

According to the Target Company Press Release, the Target Company was established in April

1947 as Takachiho Electric Co., Ltd. aiming to sell electrical insulation materials and related products. Subsequently, it was listed on the JASDAQ Securities Exchange in June 2002, then listed on the Second Section of the Tokyo Stock Exchange in December 2003, and was designated as a First Section listing on the Tokyo Stock Exchange in March 2005. In October 2009, it merged with Ohnishi Denki Co., Ltd. and subsequently changed its name to Elematec Corporation. As of April 4, 2022, due to the restructuring of the market divisions of the TSE, the Target Company is currently listed on the Prime Market of the TSE.

On August 1, 2011, the Target Company entered into a capital and business alliance agreement with the Tender Offeror to enhance the corporate value of both the Tender Offeror and the Target Company. Through a tender offer for the Target Company Share conducted by the Tender Offeror from January 17, 2012 to February 27, 2012, the Target Company became a subsidiary of the Tender Offeror as of March 5, 2012.

As of today, the Target Company Group, consisting of the Target Company and its 22 subsidiaries (a total of 23 companies) primarily engage in the sale, processing, and assembly, as well as design and contract manufacturing, of electronic materials, electronic components, and equipment across various electronic product sectors, including car electronics, information device terminals such as smartphones, industrial equipment, and medical devices, both domestically and internationally.

Regarding the business environment surrounding the Target Company Group, there has been an increasing need for risk diversification, triggered by geopolitical risks, such as the situation in Ukraine, tensions in the Middle East, and U.S.-China conflicts. Additionally, it has become important to respond nimbly to rapid changes in demand and to provide added value. These changes are driven by shifts in growth sectors due to rapid technological innovation, as well as the increasing sophistication and diversification of customer needs due to improved product performance.

Under these circumstances, the Target Company Group formulated "elematec Pro+," its medium-term management strategy (three years from April 2023 to March 2026), in April 2023. This strategy articulates the vision "Creating a prosperous future through the power of electronics" in the increasingly competitive electronics industry. In this medium-term management strategy, the Target Company Group has established the following basic strategies: strengthening high value-added businesses, developing relationships with prominent domestic and international customers, focusing on the automotive sector, full-scale exploration of potential growth areas, strengthening the functions of the Development Department, expanding the customer base and business domains through M&A and alliances, and committing to sustainability and human capital. The Target Company believes that by executing these basic strategies and expanding and strengthening the management foundation that supports the Target Company Group's sustainable growth, it will develop comprehensive capabilities to meet changing customer needs. Furthermore, this will enable the company to contribute to the realization of a sustainable society and become an enterprise that enriches people's lives. Ultimately, it aims to pursue its corporate philosophy, which is "expanding good connections and providing new value."

As mentioned above, the capital relationship between the Tender Offeror and the Target Company began, when the Tender Offeror acquired 10,441,500 shares of the Target Company (shareholding ratio: 49.36% (Note 3)) through a tender offer and made it a consolidated subsidiary as of March 5, 2012, and thus began the capital relationship. Subsequently, in August 2015, the Tender Offeror acquired additional shares of the Target Company through off-market transactions, increasing its shareholding to 12,002,900 shares (shareholding ratio: 56.74%). In June 2019, following a 2-for-1 stock split of the Target Company's Shares, the number of shares owned by the Tender Offeror increased by 12,002,900 shares to 24,005,800 shares (shareholding ratio: 56.74%). As of today, the Tender Offeror owns 24,005,800 shares (Ownership Ratio: 58.63%).

(Note 3) "Shareholding ratio" in this paragraph means the ratio of the number of shares owned by the Tender Offeror to the total number of shares issued of the Target Company at each point in time (rounded to three decimal places). As it is difficult to determine the number of treasury shares held by the Target Company at each point in time, treasury shares are not deducted from the total number of shares issued in shareholding ratio.

(ii) Background and Purpose of the Tender Offeror’s Decision to Conduct the Tender Offer

As stated above, since making the Target Company its consolidated subsidiary in March 2012, the Tender Offeror has maintained the listing of the Target Company Shares, allowing it to continue benefiting from the advantages of being a listed company, such as enhancing its industry profile and securing high-caliber talent. In addition, the Tender Offeror has provided support through human resources and access to the corporate networks of the Tender Offeror Group, along with expertise gained from on-site business experiences and both domestic and international management know-how. By strengthening the alliance between the Tender Offeror Group and the Target Company, the Tender Offeror has aimed to foster the Target Company's sustainable growth amid intensifying competition in the electronics industry.

However, the current environment surrounding the Tender Offeror Group and the Target Company in the electronics industry is rapidly changing due to technological innovation, globalization, and changes in industrial structure. For example, in the automotive and AI server (Note 4) sectors, while medium- to long-term market expansion is expected due to the evolution of electronics-related hardware and increasing software demand, the Tender Offeror recognizes that engineering capabilities in software and IT have become the essential source of value creation and key differentiating factor.

(Note 4) This term refers to high-performance servers equipped with artificial intelligence chips.

Furthermore, in light of the external environment, we recognize that global mega-distributors (Note 5), who are competitors of the Tender Offeror Group, continuing to make aggressive investments through M&A and are expanding their businesses in response to changes in global supply chains. Additionally, we observe that domestic electronics trading companies are actively consolidating and reorganizing active consolidation and reorganization due to intensifying competition.

(Note 5) Refers to major overseas semiconductor trading companies that have bases all over the world and distribute large volumes of various semiconductors and electronic components.

Specifically considering measures for the Target Company's medium- to long-term sustainable growth, the Tender Offeror has collaborated with the Target Company on its organic growth strategies and has also worked together to address management issues and implement growth strategies. Meanwhile, in the rapidly changing market environment and amid ongoing structural changes, along with intensifying competition and tightening availability of engineering resources, the Tender Offeror recognizes that for the Target Company to maintain its competitive advantage, and grow sustainably, the existing organic growth strategy alone is insufficient.

The Target Company recognizes that implementing reforms to the business model and achieving rapid, substantial expansion of business sectors and operational capabilities is essential. This will be accomplished through non-organic growth measures (Note 6), which involve the mutual utilization of management resources from the Target Company and the Tender Offeror Group, such as human resources, financial resources, customer base, business intelligence, and functional know-how.

(Note 6) Non-organic growth refers to growth achieved through capital and business alliances with other companies or through acquisitions (M&A).

However, in the current situation where the Target Company and the Tender Offeror operate independently management as separate listed companies, it is necessary to carefully consider the usefulness of the mutual utilizing the management resources of the Tender Offeror Group (including the Target Company), and the objective fairness of transactions. This consideration must take into account the interests of stakeholders, including minority shareholders of the Target Company. As a result, certain constraints on the sharing of information regarding business opportunities, personnel exchanges, and other areas arise in the mutual utilization of management resources between the Tender Offeror Group and the Target Company Group when making swift and flexible decisions. In addition, since the providers and beneficiaries of the management resources do not necessarily align, when the Tender Offeror provides management resources to the Target Company that aim to enhance corporate value, there is a possibility that some of the benefits may flow out of the Tender Offeror Group. Therefore, the Tender Offeror acknowledges that there are certain limitations in maximizing the corporate value of the Tender Offeror Group, including the Target Company, through the implementation of flexible and effective measures. Thus, the Tender Offeror believes that maintaining the Target Company’s competitive advantage and to achieve sustainable growth, that prompt and flexible decision-making, as well as effective utilization of management resources within the Tender Offeror Group, including the Target Company, are require. By making the Target Company a wholly-owned subsidiary, the Tender Offeror aims to resolve structural conflicts of interest between the Tender Offeror and the Target Company, thereby establishing a system that facilitates the rapid and flexible mutual utilization of management resources within the Tender Offeror Group.

The Tender Offeror believes that by making the Target Company a wholly-owned subsidiary, it can expect to implement the following initiatives and generate synergies. It is expected that one of the general disadvantages of delisting is that it will no longer be possible to raise funds from the capital markets, and the same concern could arise when delisting the Target Company. However, the ratio of equity attributable to owners of the parent to total assets (Note 7) as of September 30, 2024, is 61.05%. Given the Target Company’s financial situation, the Tender Offeror does not expect there to be a need to raise funds through the use of equity finance, nor does the Tender Offeror believe that there will be any impact on financing from financial institutions. In addition, regarding potential disadvantages and adverse effects that may arise for the Target Company as a result of this transaction, while there is a possibility that general name recognition may decline due to the delisting, the Tender Offeror believes that the Target Company becoming a wholly-owned subsidiary of the Tender Offeror will enhance social credibility and recognition instead.

Even if there is a decrease in general name recognition, the Tender Offeror does not anticipate that this will significantly impact the Target Company's ability to secure excellent personnel. Therefore, the Tender Offeror believes that this transaction will not generate any significant dis-synergies that would have a material impact on the Target Company's business.

(Note 7) Based on the ratio of equity attributable to owners of the parent to total assets as of September 30, 2024, as stated in “2) Consolidated Financial Position” in “1. Consolidated Financial Results for the Second Quarter Financial Results for the fiscal year ending March 2025 [IFRS] (Consolidated) (April 1, 2024 through September 30, 2024)” of the Target Company’s Financial Results. The ratio of equity attributable to owners of the parent to total assets is calculated as “(Equity attributable to owners of the parent/Total assets) x 100.”

a. Products

Due to both the Tender Offeror and the Target Company being listed companies, there are certain constraints on the mutual utilization of information related to products as well as business opportunities between the Target Company and other members of the Tender Offeror Group, in light of the Target Company's independence and the need to protect minority shareholders' interests. The Tender Offeror considers this a matter that needs to be addressed. Through the Transaction, by converting the Target Company into a wholly-owned subsidiary, these constraints on mutual utilization of information related to products as well as business opportunities will be eliminated, enabling more efficient and flexible joint consideration of business opportunities related to the Tender Offeror Group's wide range of products (including semiconductors, electronic components, chemicals, and automotive materials) in addition to the Target Company's approximately 7,000 suppliers and partners. As a result of such joint considerations, the Tender Offeror believes the Target Company will be able to acquire business opportunities related to a wide range of products, achieve business diversification, and contribute to expanding the added value of its core business. Furthermore, the Tender Offeror believes the Tender Offeror Group will also be able to utilize the Target Company's wide range of products to solve existing customers' issues and acquire new business opportunities, leading to an increase in competitiveness.

b. Purpose (Market)

The Tender Offeror believes that because both the Tender Offeror and the Target Company are listed companies, there are certain constraints on flexible approaches to the joint consideration of business opportunities, such as the mutual utilization of customer bases between the Target Company and other members of the Tender Offeror Group, that require careful consideration on a case-by-case basis in light of the Target Company's independence and the need to protect minority shareholders' interests. The Tender Offeror considers this a matter that needs to be addressed. By making the Target Company a wholly-owned subsidiary through the Transaction, it will become possible to flexibly utilize both the Target Company's strong customer base in non-automotive sectors (particularly in the broad market (Note 8)) and the Tender Offeror Group's extensive customer base in the automotive sector and global business locations, including those in Africa. This will allow mutual complementarity and expansion of both companies' business portfolios, enabling further growth of the electronics business in both automotive and non-automotive sectors. For example, the Tender Offeror believes that by providing the Tender Offeror Group's foreign-affiliated semiconductor and electronic component products to the Target Company's vast broad market, it can maximize its presence with foreign semiconductor and electronic component manufacturers, leading to further business expansion for the Tender Offeror Group, including the Target Company. Furthermore, the Tender Offeror believes that the profits and cash flow generated from these businesses can be reinvested for the future growth of the Tender Offeror Group, including the Target Company, contributing to the overall growth of the entire group.

(Note 8) The term "broad market" refers to a wide-ranging B2B market (business-to-business market) that includes manufacturers of finished products and various retail sectors, including consumer electronics stores.

c. Region

The Tender Offeror believes that, since both the Tender Offeror and the Target Company are listed companies, certain constraints exist on the sharing of management resources, such as business opportunities, personnel exchanges, logistics, quality control, and other facilities, in the mutual utilization of the Tender Offeror Group's global network spanning 130 countries and the Target Company's strong customer relationships established through customer-focused sales. These constraints arise from considerations of the Target Company's independence and the need to protect minority shareholders' interests, which the Tender Offeror views as issues to address. By making the Target Company a wholly-owned subsidiary through the Transaction, these issues will be resolved, enabling mutual utilization of resources. This, in turn, is expected to enable further expansion and deepening of the Target Company's business in regions where the Tender Offeror Group has a strong presence, including emerging regions such as Africa and India, as well as North America, Europe, and others. This is expected to foster new innovations and solutions that closely aligned with customer needs. For example, by combining the Tender Offeror Group's presence in Africa with the Target Company's extensive product lineup and capabilities, the Tender Offeror expects to support the expansion of Japanese companies into the growing African market.

d. Functions

As both the Tender Offeror and the Target Company are listed companies, the Tender Offeror believes that there are certain constraints on mutual utilization of expertise related to electronic parts, such as engineering functions and quality management, as well as product sales capabilities and other areas between the Target Company and other members of the Tender Offeror Group. These constraints arise from considerations of the Target Company's independence and the need to protect minority shareholder interests, which the Tender Offeror views as issues to address. By making the Target Company a wholly-owned subsidiary through this transaction, these issues will be resolved. This will enable the combination of the Tender Offeror Group's approximately 1,800 "engineering resources (hardware, software, and IT)". Additionally, it will incorporate "quality management" expertise. This expertise has been cultivated over many years as a member of the Toyota Group. Furthermore, it will include the Target Company's customer support capabilities, such as "planning, development, and design," "procurement agency services," and "manufacturing services." These capabilities have been developed through relationships with approximately 7,000 suppliers and partners and approximately 6,000 customers. The Tender Offeror believes this will enable mutual complementarity and comprehensive coverage of the manufacturing supply chain. Moreover, it will enable total coordination of the value chain. Furthermore, the Tender Offeror believes that mutual utilization of both companies' corporate functions will become possible. This, in turn, will lead to more efficient corporate management.

e. Personnel Exchange

The Tender Offeror believes that due to both the Tender Offeror and the Target Company are listed companies, careful consideration is required to ensure the Target Company’s independence and protect the interests of minority shareholders. In personnel exchanges between the Target Company and other members of the Tender Offeror Group, both parties must carefully consider the scope of information that can be shared with exchange personnel, which imposes certain restrictions on the use of these personnel. As a result, personnel exchanges have been limited in practice, which the Tender Offeror views as an issue to address. Through making the Target Company a wholly-owned subsidiary through the Transaction, this issue is expected to be resolved, enabling more flexible and diverse personnel exchanges between the Tender Offeror Group and the Target Company. This will allow the Target Company to deepen its automotive industry expertise and knowledge, while allowing the Tender Offeror Group to build relationships with non-automotive customers. By further advancing the swift and flexible mutual utilization of management resources, including personnel exchanges, through this integration, points a. through d. above can be achieved more promptly. Concurrently, the Target Company is anticipated to benefit from the Tender Offeror Group's capabilities and experience as a general trading company, M&A and investment expertise, and broader business management experience, leading to enhanced career development opportunities and heightened motivation for the Target Company's personnel. Additionally, the Tender Offeror Group expects to gain knowledge of the Target Company’s expertise in sales operations.

With the above background, objectives, and expected synergy effects in mind, in late May 2024, the Tender Offeror concluded that to further enhance the corporate value of the Tender Offeror Group, including the Target Company, making the Target Company a wholly-owned subsidiary would be the best approach. This would align the interests of the Target Company and the Tender Offeror at an even higher level establishing a system for the swift and flexible mutual utilization of management resources. Accordingly, the Tender Offeror subsequently initiated preliminary discussions regarding the full acquisition of the Target Company.

In mid-June 2024, the Tender Offeror retained Nomura Securities Co., Ltd. (hereinafter referred to as "Nomura Securities") as a financial advisor and third-party valuation agent, independent of both the Tender Offeror and the Target Company within the Tender Offeror Group. Additionally, Nishimura & Asahi (Gaikokuho Kyodo Jigyo) (hereinafter referred to as "Nishimura & Asahi") was appointed as its legal advisor, establishing a framework for discussions and negotiations concerning the full acquisition of the Target Company. On July 16, 2024, the Tender Offeror notified the Target Company that it had initiated deliberations to make the Target Company a wholly-owned subsidiary and was considering announcing the Transaction concurrently with the Target Company's second quarter financial results release in October of the same year. On July 18, 2024, the Tender Offeror received notice from the Target Company that it would initiate the formation of an internal review structure and appointing legal advisors. Subsequently, the Tender Offeror began examining the potential synergies and, on August 9, 2024, submitted an initial proposal letter to the Target Company, outlining the background of the Tender Offeror's proposal for the Transaction and the growth strategy following the Transaction.

In response, given that the tender offeror holds 58.63% of the Target Company Shares, making it the Target Company's controlling shareholder (parent company), and that the Transaction constitutes a material transaction with a controlling shareholder—typically involving structural conflicts of interest and issues of information asymmetry—the Target Company, to address these issues and ensure the fairness of the Transaction, including the Tender Offer, initiated the establishment of a framework and the selection of legal advisors from July 18, 2024, onward. This framework allows the Target Company to deliberate, negotiate, and make decisions on the Transaction from a position independent of the Tender Offeror, focusing on enhancing the Target Company's corporate value and safeguarding the interests of its general shareholders, in the event of a proposal from the Tender Offeror. Subsequently, after receiving the aforementioned initial proposal letter from the Tender Offeror on August 9, 2024, the Target Company appointed Anderson Mori & Tomotsune (Gaikokuho Kyodo Jigyo) (hereinafter referred to as "Anderson Mori & Tomotsune") as its legal advisor independent from the Tender Offeror and the Target Company Group, and Daiwa Securities Co., Ltd. (hereinafter referred to as "Daiwa Securities") as its financial advisor and third-party valuation agent, also independent from the Tender Offeror and the Target Company Group, in late August 2024 of the same year.
In addition, as outlined in "(iii) Establishment of Independent Special Committee at the Target Company and Obtainment of a Report from the Special Committee" under "Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below, the Target Company, pursuant to the resolution at the extraordinary board meeting held on September 4, 2024, established a special committee (the "Special Committee") composed of three members: Mr. Yoshiaki Yatsu (independent outside director of the Target Company), Ms. Mie Fujimoto (independent outside director of the Target Company), and Mr. Toshio Oshima (independent outside audit and supervisory board member of the Target Company). For details regarding the composition of the Special Committee, its authority, and the process and outcomes of its deliberations, please refer to "(iii) Establishment of Independent Special Committee at the Target Company and Obtainment of a Report from the Special Committee" under "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below.
Further, as stated in "(v) Building an independent deliberation system at the Target Company" in "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below, the Target Company has obtained approval from the Special Committee that the framework for deliberating, negotiating, and making decisions regarding the Transaction (including the scope of the Target Company's officers and employees involved in deliberating, negotiating, and making decisions regarding the Transaction, and their duties) from a standpoint independent of the Tender Offeror,

presents no concerns from the perspective of independence and fairness.
On that basis, the Tender Offeror and the Target Company commenced specific discussions and considerations for the Transaction from early September 2024. The Tender Offeror conducted due diligence on the Target Company from early September 2024 to early October 2024 to assess the feasibility of the Tender Offer. In parallel, the Tender Offeror conducted ongoing negotiations with the Target Company and the Special Committee on the significance and purpose of the Transaction, the expected synergy effects, the management structure and business policies after the Transaction, industry prospects, and various terms of the Transaction, including the Tender Offer Price and its calculation method. Specifically, on September 4, 2024, the Tender Offeror received written questions from the Special Committee regarding the background, purpose, significance, timing, structure of the Transaction, as well as the industry outlook and expected synergies, and on September 9, the Tender Offeror provided written responses to these questions. Furthermore, on September 20, the Tender Offeror received written opinions and questions from the Special Committee in response to the previous answers, and on October 3, 2024, the Tender Offeror provided written responses to these opinions and questions.
Subsequently, the Tender Offeror comprehensively considered information obtained from the due diligence conducted with on the Target Company, the initial share value analysis of the Target Company conducted by Nomura Securities, the Tender Offeror's financial advisor, based on this information, and the initial share value analysis conducted by the Tender Offeror itself. On October 9, 2024, assuming that the Target Company will not pay a year-end dividend for the fiscal year ending March 2025, the Tender Offeror made a proposal for the Transaction, including setting the Tender Offer Price at 2,100 yen (representing a 20.55% premium on 1,742 yen, the closing price of the Target Company Shares on the Prime Market of the TSE as of the immediately preceding business day) (rounded to two decimal places; hereinafter the same applies to the calculation of premium values (%)). In response, on October 10, the Special Committee requested reconsideration of the proposal, stating that the proposed price was insufficient given the Target Company's intrinsic value based on its share value and profitability. Subsequently, on October 11, the Tender Offeror provided explanations regarding its response to the Special Committee and engaged in a Q&A session, as well as discussions on the significance and purpose of the Transaction. On October 15, the Tender Offeror proposed setting the Tender Offer Price at 2,300 yen (representing a 32.03% premium on 1,742 yen, the closing price of the Target Company Shares on the Prime Market of the TSE). In response, on October 19, the Special Committee requested a further review of the proposal, noting that the proposed price was insufficient compared to the valuation provided by Daiwa Securities, the Target Company's third-party valuation agent, and did not adequately reflect the intrinsic value of the Target Company from the perspective of minority shareholders who may continue to hold the Target Company Shares. Additionally, on the same day, the Tender Offeror received written questions from the Target Company regarding the synergy effects, and on October 22, the Tender Offeror responded to the Special Committee and the Target Company, conducting a Q&A session. Furthermore, on the same day, the Tender Offeror proposed increasing the Tender Offer Price to 2,380 yen (representing a 37.57% premium on 1,730 yen, the closing price of the Target Company Shares on the Prime Market of the TSE as of the immediately preceding business day). In response, on October 23, the Special Committee again requested reconsideration of the proposal, indicating that the proposed price was insufficient when compared to the premium levels in similar past transactions and the intrinsic value of the Target Company, and did not adequately reflect the

intrinsic value of the Target Company from the perspective of minority shareholders who may continue to hold the Target Company Shares. Following this request, on October 24, the Tender Offeror reaffirmed that the proposed price of 2,380 yen represented the maximum reflection of the intrinsic value of the Target Company Share and provided an attractive opportunity for minority shareholders, significantly exceeding the Target Company's highest trading price to date (2,130 yen on July 16 of the same year). The Tender Offeror thus reaffirmed its proposal to set the Tender Offer Price at 2,380 yen (representing a 39.75% premium on 1,703 yen, the closing price of the Target Company Shares on the Prime Market of TSE as of the immediately preceding business day). In response to this proposal, on October 25 of the same year, the Special Committee, after considering the premium levels in comparable past transactions and the intrinsic value of the Target Company from the perspective of minority shareholders who may continue to hold the Target Company Shares, requested an increase of the Tender Offer Price to 2,400 yen. Accordingly, on the same day, the Tender Offeror proposed setting the Tender Offer Price to 2,400 yen (representing a 41.26% premium on 1,699 yen, the closing price of the Target Company Shares on the Prime Market of TSE as of the immediately preceding business day). On the same day, following advice from Daiwa Securities and Anderson Mori & Tomotsune, advisors to the Target Company, as well as deliberations within the Target Company and the Special Committee, the Special Committee informed the Tender Offeror of its acceptance of the proposal, agreeing to set the Tender Offer Price at 2,400 yen.

Additionally, the Tender Offeror held multiple rounds of discussions and deliberations with the Target Company concerning the management policy of the Target Company after the Transaction. As a result, on October 23, 2024, the Tender Offeror presented the Target Company with a document outlining its current intentions regarding the post-Transaction management policy for the Target Company (hereinafter referred to as the "Document"). For details on the contents of the Document, please refer to "(3) Management policy after the Tender Offer" below.

As a result, in addition to the above agreement on the Tender Offer Price, the Tender Offeror and the Target Company agreed today, in 2024, that making the Target Company a wholly-owned subsidiary to further align their interests and enable the swift and flexible utilization of management resources would enhance the corporate value of both companies. Accordingly, the Tender Offeror resolved at its board of directors meeting held today to implement the Tender Offer.

(2) The Decision-Making Process and Its Reasons at the Target Company

(i) Background of Establishing the Review Structure

According to the Target Company Press Release, as stated in "(ii) Background and Purpose of the Tender Offeror's Decision to Conduct the Tender Offer" under "1. Background, Purpose, and Decision-making Process Leading to the Implementation of the Tender Offer," the Target Company received notification from the Tender Offeror on July 16, 2024, that it was considering announcing the Transaction simultaneously with the Target Company's second quarter financial results in October 2024. In response, on July 18 of the same year, the Target Company informed the Tender Offeror that it would initiate the establishment of an internal review structure and the appointment of a legal advisor. Subsequently, on August 9, 2024, the Target Company received an initial proposal letter from the Tender Offeror outlining the background and post-Transaction growth strategy, and accordingly began its consideration of the Transaction. Given that the Tender Offeror is a controlling shareholder (parent company) of the Target Company, holding 58.63% of the Target Shares, and that the Transaction qualifies as a material transaction with a controlling shareholder, typically involves structural conflicts of interest and information asymmetry issues, to address these issues and ensure the fairness of the Transaction, including the Tender Offer, initiated the establishment of an internal structure and the selection of legal advisors on July 18, 2024, for cases where it receives proposals regarding the Transaction from the Tender Offeror. Additionally, in late August 2024, the Target Company appointed Anderson Mori & Tomotsune as its independent legal advisor and Daiwa Securities as its independent financial advisor and Third-Party Accounting Authority, both independent of the Tender Offeror and the Target Group.

In addition, after preparing to establish a special committee as detailed in "(iii) Establishment of Independent Special Committee at the Target Company and Obtainment of a Report from the Special Committee" under "Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below, the Target Company, pursuant to the resolution at the extraordinary board meeting on September 4, 2024, established the Special Committee consisting of three members: Mr. Yoshiaki Yatsu (independent outside director of the Target), Ms. Mie Fujimoto (independent outside director of the Target Company), and Mr. Toshio Oshima (independent outside audit and supervisory board member of the Target Company). For details on the composition, authority, deliberation process, and decisions of the Special Committee, please see "(iii) Establishment of Independent Special Committee at the Target and Obtainment of a Report from the Special Committee" under "Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below.

Further, as stated in “(v) Establishment of an Independent Evaluation Framework at the Target Company” in “Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of Valuation” in “(4) Tender Offer Prices” in “2. Outline of the Tender Offer” below, the Target Company established an internal framework for deliberating and negotiating and making determinations regarding the Transaction (including the scope of the officers and employees of the Target Company involved in deliberating, negotiating and making determinations regarding the Transaction (including the scope of the officers and employees of the Target Company involved in evaluating, negotiating, and making determinations regarding the Transaction, and their duties) from a standpoint independent from the Tender Offeror, and obtained approval from the Special Committee that there is no concern with respect to that evaluation framework from the standpoint of independence and fairness.

(ii) Background of Deliberation and Negotiation

Then, the Target Company received financial advice, including a valuation report on the Target Shares and guidance on the negotiation strategy with the Tender Offeror, from Daiwa Securities and legal advice, including measures to ensure the fairness of the procedures in the Transaction, from Anderson Mori & Tomotsune. Considering the business environment and status of the Target Group's operations, the significance and purpose of the Transaction, the impact on the Target Company, and post-Transaction management policies, and while fully respecting the Special Committee’s opinion, the Target Company carefully discussed and evaluated whether to implement the Transaction and the reasonableness of the Transaction terms and conditions.

Also, since the Special Committee was established by the resolution at the extraordinary board meeting on September 4, 2024, the Target Company held ongoing discuss and negotiate with the Tender Offeror on the Transaction terms, including the Tender Offer Price.

Specifically, on September 4, 2024, the Special Committee submitted written questions to the Tender Offeror regarding the background, purpose, significance, timing, structure of the Transaction, as well as industry outlook and synergy effects. The Tender Offeror provided written responses to these questions on September 9. Subsequently, based on these responses, the Special Committee sent additional written opinions and questions on September 20. On the same day, the Tender Offeror attended a meeting of Special Committee, providing answers to these questions and explanations on the significance and purpose of the Transaction, followed by a Q&A session, and engaged in discussions regarding the Transaction's purpose and significance. Later, on October 3 of the same year, the Special Committee received further written responses from the Tender Offeror. On October 11, the Special Committee received additional explanations from the Tender Offeror regarding the earlier responses, followed by a Q&A session and further discussions on the significance and purpose of the Transaction. Following these discussions, the Target Company submitted written questions on synergy effects on October 19, to which the Tender Offeror responded in writing on October 22. That same day, the Tender Offeror attended another meeting of the Special Committee, where the Target Company and the Committee received explanations and conducted further Q&A on the responses.

With regard to the Tender Offer Price, the Target Company engaged in multiple rounds of negotiations with the Tender Offeror beginning October 9, 2024. Specifically, on October 9, the Tender Offeror presented a proposal setting the Tender Offer Price at 2,100 yen (representing a 20.55% premium over the Target Company's closing price of 1,742 yen on the Prime Market of TSE on the preceding business day), assuming the Target Company would not issue a year-end dividend for the fiscal year ending March 2025. This proposal was based on the results of due diligence conducted on the Target Company, initial share valuation analysis by Nomura Securities, the financial advisor, and an internal initial share valuation conducted by the Tender Offeror. However, on October 10, the Special Committee requested a reconsideration of the proposal, deeming the proposed price insufficient based on the Target Company's intrinsic value considering its share value and profitability. In response, on October 15, the Tender Offeror revised its proposal, setting the Tender Offer Price at 2,300 yen (representing a 32.03% premium over the Target Company's closing price of 1,742 yen on the Prime Market of TSE on the preceding business day). Nonetheless, on October 19, the Special Committee requested further reconsideration, stating that the revised price was still not sufficient in comparison to the valuation results provided by Daiwa Securities, a Third-Party Accounting Authority, and insufficient in relation to the intrinsic value for minority shareholders of the Target Company.

Subsequently, on October 22, the Tender Offeror proposed a Tender Offer Price of 2,380 yen (a 37.57% premium over the Target Company's closing price of 1,730 yen on the Prime Market of TSE on the preceding business day). On October 23, however, the Special Committee again requested a review of the proposal, noting that this price was still insufficient when compared to premium levels in similar past transactions and in light of the intrinsic value minority shareholders could receive through holding Target Company Shares. Following this request, on October 24, the Tender Offeror reaffirmed that the proposed Tender Offer Price of 2,380 yen (representing a 39.75% premium over the Target Company's closing price of 1,703 yen on the Prime Market of

TSE on the preceding business day) reflected the maximum intrinsic value of the Target Company Shares and provided a highly attractive opportunity for minority shareholders, noting that making further price increases challenging. On October 25, the Special Committee again requested that the Tender Offer Price be raised to 2,400 yen, considering both the premium levels in similar past transactions and the intrinsic value minority shareholders could receive through holding the Target Company Shares. As a result, on the same day, the Target Company and Special Committee received a revised proposal from the Tender Offeror, setting the Tender Offer Price at 2,400 yen per share. The Special Committee, after reviewing this final proposal based on advice from Daiwa Securities and Anderson Mori & Tomotsune and discussions within the Target Company and the Special Committee, accepted the Tender Offeror's proposal, concluding that the price of 2,400 yen was appropriate for recommending to minority shareholders for tendering the Target Company Shares. Thus, the parties agreed on a final Tender Offer Price of 2,400 yen.

During the above deliberation and negotiation processes, in consulting and negotiating with the Tender Offeror on the Tender Offer Price, the Target Company conducted its evaluation, considering the Special Committee's opinions and advice received from Daiwa Securities and Anderson Mori & Tomotsune. The Special Committee regularly exchanged views with the Target Company and its advisors, providing confirmation and approval as appropriate. Specifically, to start with, the Special Committee confirmed and approved in advance the reasonableness of the details, material assumptions, the preparation process, and the like of the Target Company's business plan that was presented to the Tender Offeror by the Target Company and constitutes the basis for the calculation of the value of the Target Company Shares by Daiwa Securities. Also, Daiwa Securities, the financial advisor of the Target Company, handled its negotiations with the Tender Offeror according to the negotiation policy established in advance by the Special Committee. Whenever it received a proposal on the Tender Offer Price from the Tender Offeror, it promptly reported to the Special Committee and received opinions, instructions and requests, on negotiation matters, taking actions in accordance with these directives.

Then, on October 28, 2024, the Target Company received a report (the "Report") from the Special Committee (for details of the Report, please see "(iii) Establishment of Independent Special Committee at the Target Company and Obtainment of a Report from the Special Committee" under "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below).

(iii) Decisions

With this background, at the Target Company's board of directors meeting held today, the Target Company carefully discussed and evaluated whether the Transaction, including the Tender Offer, enhance the corporate value of the Target Company and whether the terms, including the Tender Offer Price, were reasonable. This evaluation was based on legal advice from Anderson Mori & Tomotsune, financial advice from Daiwa Securities, and a share valuation report for the Target Company Shares received from Daiwa Securities on October 28, 2024, (the "Target Company Valuation Report"), fully respecting the determinations by the Special Committee presented in the Report.

As a result, as set out below, the Target Company reached the conclusion that making the Target Company a wholly-owned subsidiary through the Transaction including the Tender Offer whereby the Target Company will become a wholly-owned subsidiary of the Tender Offeror will contribute to the enhancement of the corporate value of the Target Company.

Since the establishment of Takachiho Electric Co., Ltd.in April 1947, the Target Company Group has been a "manufacturing partner" that meets the diverse needs of its approximately 6,000 client companies in the rapidly changing electronics industry.

In the recent business environment surrounding the Target Company Group, in addition to the increasing need for risk diversification triggered by geopolitical risks such as the situation in Ukraine and the Middle East and the U.S.-China conflict, the Target Company Group believes that it is becoming increasingly important to promptly respond to changes in demand in the face of fluctuations in growth areas accompanying rapid technological growth and the increasing sophistication and diversification of customer needs due to improved product performance, as well as provide added value.

In this environment, the Target Company Group believes that it is necessary to develop major customers in Japan and overseas, enter markets and regions with medium- to long-term potential business opportunities, and provide high value-added products and services. In this regard, the Target Company believes that it will be able to steadily achieve the above measures by utilizing the Tender Offeror Group's network, know-how, human resources, etc., in addition to the Target Company's management resources and know-how.

However, the Target Company and the Tender Offeror are currently both listed companies, and the Tender Offeror has explained that due to a structural conflict of interest between the two companies, there are certain restrictions on the exchange of information. In addition, from the perspective of the Target Company's independence and the protection of the interests of minority shareholders, the Target Company is aware that discussions regarding collaboration, including the mutual utilization of the management resources and know-how of the two companies, and alliance with the Tender Offeror Group are limited.

Taking into account the business situation surrounding the Target Company Group, the Target Company has concluded that by becoming a wholly-owned subsidiary of the Tender Offeror through this Transaction, eliminating the structural conflict of interest with the Tender Offeror Group, and mutually utilizing management resources, etc. between the Target Company Group and the Tender Offeror Group, the following synergies can be expected, and they will contribute to increasing the Target Company's corporate value.

a. Expansion of Business Scale by Strengthening Domestic Customer Base

Among the broad customer base owned by the Tender Offeror Group, the Tender Offeror believes that the Target Company Group will be able to create new business opportunities particularly for domestic electrical and machinery manufacturers that are not clients of the Target Company Group or that have a weak relationship with the Target Company Group by closely communicating with the Tender Offeror Group to share Target Company Group and utilizing the Tender Offeror Group's network with Target Company Group. However, given the current circumstances where both the Tender Offeror and the Target Company are listed companies, it has been explained that there are certain restrictions on the mutual utilization of customer base in light of the need to carefully consider the fairness of the terms and conditions of the transaction from the perspective of protecting the interests of minority shareholders, and the Tender Offeror believes that this is an issue that must be resolved. The Tender Offeror believes that by making the Target Company a wholly owned subsidiary of the Tender Offeror through this Transaction, restrictions on the mutual utilization of customers base will be eliminated, and the Tender Offeror will be able to utilize the networks owned by the Tender Offeror Group, thereby acquiring business opportunities in the broad customer base owned by the Tender Offeror Group and strengthening the customer base of the Target Company Group. In addition, since the Target Company Group currently owns a wealth of products and information through transactions with approximately 7,000 suppliers, the Target Company Group believes that business deployment will be possible by providing products and information to its strengthened customer base through this Transaction, enabling it to expand its business scale.

b. Global Business Deployment

The Target Company believes that expanding its business to a wide range of countries and regions, rather than concentrating it in a specific country or region, is important from the perspective of risk diversification, but currently, many of the Target Company Group's clients are concentrated in Japan and the People's Republic of China, which account for approximately three-quarters of consolidated sales revenue. Under such circumstances, by utilizing the bases, networks, customer base, and alliance opportunities owned by the Tender Offeror Group in various countries and regions, and by making a full-scale entry into regions with greater potential for business development, the Target Company Group can expect to obtain new revenue opportunities, which will lead to the diversification of management risks and enable the Target Company to achieve sustainable growth in the future. Specifically, the Tender Offeror Group has a large customer base and sales network in Europe, India, Southeast Asia, and Africa for transactions with Tier 1 automotive players and after-sales service products for automobiles. However, given the current circumstances where both the Tender Offeror and the Target Company are listed companies, there are certain restrictions on the mutual utilization of customer base in light of the need to carefully consider the fairness of the terms and conditions of the Transaction from the perspective of protecting the interests of minority shareholders, and the Tender Offeror believes that this is an issue that must be resolved. The Tender Offeror believes that by making the Target Company a wholly owned subsidiary of the Tender Offeror through this Transaction, this issue will be resolved and the Tender Offeror will be able to utilize the Target Company Group's strong proposal capabilities to customers, as well as the bases, networks, and customer base owned by the Tender Offeror Group in these countries and regions, thereby enabling the Target Company Group to further expand its overseas profits and diversity its management risks.

c. Expansion of Business Domains to New Markets

To promote the expansion of its customer base and business areas, the Target Company Group is expanding its sales channels while emphasizing consistency with its market strategy and affinity with the electronics industry. In particular, the Target Company Group believes that selling the Target Company Group's products to projects such as data centers and offshore wind power generation, etc. owned by the Tender Offeror Group will enable the expansion of the Target Company Group's business areas. However, since both the Tender Offeror and the Target Company are listed companies, in light of the need to protect the independence of management and the interests of the Target Company's minority shareholders, careful consideration is required for each specific case regarding the exchange of information between the Tender Offeror Group other than the Target Company and the Target Company, as well as the Target Company Group's customer base and business areas. The Tender Offeror believes that by making the Target Company a wholly owned subsidiary of the Tender Offeror through this Transaction, it will be possible for the Tender Offeror Group other than the Target Company to more smoothly conduct joint discussions with the Target Company regarding the expansion of its customer base and business areas, thereby enabling the Target Company Group to expand its business areas in a flexible and prompt manner. Furthermore, by entering new markets, the Target Company Group will be able to gain new knowledge on product development, technological information, etc., and will be able to make various proposals more suited to customer needs even in business areas where the Target Company Group is already deploying business.

d. Strengthening of Comprehensive Capabilities of the Target Company Group and Provision of High Added Value through Expansion of Personnel Exchanges

Since both the Tender Offeror and the Target Company are listed companies, and in light of the need to consider the independence of the Target Company and the interests of minority stakeholders, the personnel exchanges between the Target Company Group and the Tender Offeror Group in the past have been limited in scope. Following this Transaction, the Target Company will become a wholly-owned subsidiary of the Tender Offeror, which will enable more active personnel exchanges than before. The Target Company Group believes that gaining access to the Tender Offeror Group's knowledge and experience in the automotive business and as a general trading company, its experience in investments such as M&A, and its experience in business management in a wider range of areas will lead to the expansion of career development opportunities for employees of the Target Company Group and enable them to improve their skills. Consequently, through the personnel exchanges between the Target Company Group and Tender Offeror Group, the knowledge and know-how of the Tender Offeror Group's officers and employees will be utilized in the Target Company's business, thereby improving the comprehensive capabilities of the Target Company Group and enabling the provision of high added value to its customers.

The Target Company was concerned about the risk of the following dissynergies arising from the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through this Transaction.

a. Due to differences in corporate culture between the Target Company and the Tender Offeror, the Target Company may lose the source of its corporate value, that has gained the trust of its customers by flexibly and swiftly responding to diverse customer needs.

b. If the Target Company's management structure is significantly changed without taking into account the current environment surrounding the Target Company Group, it may result in the Target Company being unable to make prompt decisions and respond to changes in the business environment surrounding the Target Company Group, making it difficult to enhance corporate value through the creation of synergy effects.

c. The employment and conditions of employees may not be maintained due to a lack of respect for the personnel rights and system of the Target Company, resulting in employee turnover and a decline in employee morale.

The Target Company and the Special Committee requested the Tender Offeror to take measures to reduce the risk of the negative synergy mentioned above arising from the Transaction and received the Document, from the Tender Offeror, which contains the following details.

a. Respect for Corporate Culture

The Tender Offeror understands that the source of the Target Company's corporate value derives from the trust of its business partners which the Target Company obtained through offering variety of products of various business partners and swiftly and flexibly responding to customer needs. The Tender Offeror will appropriately respect the Target Company's corporate culture when considering various measures such as personnel policies and the restructuring and integration of the organization and distribution channels after implementation of the Transaction.

b. Management Structure, Organization, Personnel System, etc.

The Tender Offeror will hold good faith discussions with the Target Company regarding the management system, organization, and personnel system of the Target Company after the successful completion of the Tender Offer. The purpose of such discussions is to fully understand the actual situation of the Target Company and develop the optimal management structure, organization, and personnel system for the Target Company. Any requests for changes from the current situation will be decided in good faith consultations with the Target Company.

c. Employment, etc. of Employees.

The Tender Offeror considers it is important principle to maintain the employment and employment conditions of the Target Company's employees. The Tender Offeror contemplates in principle to maintain the employment of the Target Company's employees with certain exceptions, such as cases of voluntary resignation. In addition, with certain exceptions, such as changes in the economic situation and business environment, the employment conditions of the Target Company's employees will be maintained at levels no lower than those in effect as of the announcement date of the Transaction, taking into account the substantial and comprehensive benefits of such employees. The Tender Offeror will maintain the Target Company's employee benefit plan for certain period from the completion of the Transaction, unless the Tender Offeror provides an alternative employee benefit plan containing substantially and comprehensively equivalent benefits to employees.

Based on the above, the Target Company believes that dyssynergies will be limited, assuming that the business operations after the Transaction are conducted in accordance with these terms.

The Target Company also has determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable, and that the Tender Offer would provide the shareholders of the Target Company with an opportunity to sell their shares at a price inclusive of a reasonable premium and upon reasonable terms and conditions, based on:

(a) the fact that the price exceeds upper limit of the valuation range of the market price method and the comparable company analysis method, and is within the valuation range of the DCF Method (defined below), in the calculation result of the share price valuation of the Target Company Shares by Daiwa Securities stated in "(ii) Acquisition of a stock valuation report by the Target Company from an independent third-party valuation organization" in "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "② Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below;

(b) the fact that the price includes a premium of 41.43% on 1,697 yen, the closing price of the Target Company Shares on the Prime Market of TSE as of October 28, 2024, which is the business day immediately preceding the announcement date of the Tender Offer; a premium of 38.65% on 1,731 yen (rounded to the nearest whole number; the same applies hereinafter in the calculation of simple average closing prices), which is the simple average closing price for the one-month period ending on that day (from September 30, 2024 to October 28, 2024); a premium of 37.38% on 1,747 yen, which is the simple average closing price for the three-month period ending on that day (from July 29, 2024 to October 28, 2024); and a premium of 28.55% on 1,867 yen, which is the simple average closing price for the six-month period ending on that day (from April 30, 2024 to October 28, 2024). These values are not considered to significantly include the short-term economic downturn caused by the spread of the COVID-19, and compared to the 20 most recent examples of premiums in cases where a parent company makes its listed subsidiary a wholly-owned subsidiary that were announced and concluded over the two-year period from November 2022 to October 2024 (an average premium level of 38.29% for the business day prior to the announcement date, 41.43% for the past month, 39.57% for the past three months, and 39.14% for the past six months; a median premium level of 36.02% for the business day prior to the announcement date, 38.83% for the past month, 38.29% for the past three months, and 36.96% for the past six months), the premium of 28.55% on the simple average closing price for the past six months is lower than the premium level in past cases (approximately 40%) similar to this Transaction, but in the past cases, there were six cases with a premium level lower than 28.55%, and the premium of 41.43% on the closing price on the business day prior to the announcement date exceeds the premium level in past cases (approximately 40%). The premiums of 38.65% and 37.38% on the simple average closing prices for the past one month and three months, respectively, are considered to be comparable to the premium levels in past cases (both approximately 40%).

(c) the fact that the measures to ensure fairness of the Tender Offer stated in "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "② Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below have been taken and the interests of minority shareholders are secured;

(d) the fact that the price was determined after conducting serious negotiations equivalent to the discussions and negotiations in transactions between independent parties, under the substantial involvement of the Special Committee which is independent from both the Target Company and the Tender Offeror, after implementing the above measures;

(e) the fact that, as stated in "(iii) Establishment of Independent Special Committee at the Target and Obtainment of a Report from the Special Committee" in "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "② Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below, the Tender Offer Price and other terms and conditions of the Tender Offer have been determined to be reasonable in the Report obtained from the Special Committee.

Based on the above, at its board of directors meeting held today, the Target Company passed a resolution to express an opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

For the details of the method of the resolution of the Target Company's board of directors described above, please refer to "(vi) Approval of All Disinterested Directors at the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members that They Had No Objection" in "Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "② Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below.

(3) Management policy after the Tender Offer

In order to consistently achieve the synergy effect stated in "1. Background, Purpose, and Decision-making Process Leading to the Implementation of the Tender Offer" above, the Tender Offeror and the Target Company will accelerate collaboration between the Tender Offeror Group and the Target Company, and, through sufficient discussions between the Tender Offeror and the management of the Target Company, will deliberate over matters such as implementing cross-selling by mutually utilizing the customer base of the Tender Offeror Group and the Target Company, and enhancing the comprehensive capabilities of the Tender Offeror Group, including the Target Company, through personnel exchanges. The management structure and composition of the board of directors of the Target Company after the Tender Offer, including whether any officers will be dispatched and other personnel matters, has not been decided at this point. In addition, at this time, there is no decision as to the changes in the treatment of the Target Company’s employees after the Tender Offer and transfer of employees to Tender Offeror Group companies other than the Target Company.

However, regarding the Target Company’s management policy after the Transaction, the Tender Offeror has communicated the following to the Target Company through the Document, which contains the content set forth in “1. Background, Purpose, and Decision-making Process Leading to the Implementation of the Tender Offer” above.

a. Respect for Corporate Culture

The Tender Offeror understands that the source of the Target Company’s corporate value derives from the trust of its business partners which the Target Company obtained through offering variety of products of various business partners and swiftly and flexibly responding to customer needs. The Tender Offeror will appropriately respect the Target Company's corporate culture when considering various measures such as personnel policies and the restructuring and integration of the organization and distribution channels after implementation of the Transaction.

b. Management Structure, Organization, Personnel System, etc.

The Tender Offeror will hold good faith discussions with the Target Company regarding the management system, organization, and personnel system of the Target Company after the successful completion of the Tender Offer. The purpose of such discussions is to fully understand the actual situation of the Target Company and develop the optimal management structure, organization, and personnel system for the Target Company. Any requests for changes from the current situation will be decided in good faith consultations with the Target Company.

c. Employment, etc. of Employees.

The Tender Offeror considers it is important principle to maintain the employment and employment conditions of the Target Company's employees. The Tender Offeror contemplates in principle to maintain the employment of the Target Company's employees with certain exceptions, such as cases of voluntary resignation. In addition, with certain exceptions, such as changes in the economic situation and business environment, the employment conditions of the Target Company's employees will be maintained at levels no lower than those in effect as of the announcement date of the Transaction, taking into account the substantial and comprehensive benefits of such employees. The Tender Offeror will maintain the Target Company's employee benefit plan for certain period from the completion of the Transaction, unless the Tender Offeror provides an alternative employee benefit plan containing substantially and comprehensively equivalent benefits to employees.

Of the nine directors of the Target Company, one serves as an employee of the Tender Offeror, and the Tender Offeror has seconded two to the Target Company. In addition, of the four audit and supervisory board members of the Target Company, one serves as an audit and supervisory board member of NEXTY Electronics Corporation ("NEXTY Electronics"), a wholly owned subsidiary of the Tender Offeror. At present, no decisions have been made regarding the treatment of the seconded employees after the Transaction.

(3) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Considering that the Target Company is a consolidated subsidiary of the Tender Offeror and that the Transaction, which includes the Tender Offer, constitutes a material transaction with a controlling shareholder and a transaction that is typified by issues such as the existence of structural conflicts of interest and information asymmetry, the Target Company is implementing the following measures to address those issues and to ensure the fairness of the Tender Offer. The measures taken by the Target Company described below are set forth based on the explanation by the Target Company.

As described in "(1) Outline of the Tender Offer" above, as of today, the Tender Offeror holds 24,005,800 Target Company Shares (Ownership Ratio: 58.63%). Therefore, considering that setting the lower limit on the number of shares to be purchased through the Tender Offer by the so-called "majority of minority" will make completion of the Tender Offer unpredictable and will not be in the best interests of minority shareholders of the Target Company who wish to tender in the Tender Offer, no lower limit on the number of shares to be purchased in the Tender Offer by the "majority of minority" was set. However, the Tender Offeror and the Target Company took the measures set out below to ensure the fairness of the Tender Offer. Thus, Tender Offeror believe that the interests of the minority shareholders of the Target Company were sufficiently considered.

(i) Acquisition of a stock valuation report by the Tender Offeror from an independent third-party valuation organization

(ii) Acquisition of a stock valuation report by the Target Company from an independent third- party valuation organization

(iii) Establishment of Independent Special Committee at the Target Company and Obtainment of a Report from the Special Committee

(iv) Obtaining of advice by the Target Company from an independent law firm

(v) Building an independent deliberation system at the Target Company

(vi) Approval of all directors without conflicts of interest and opinion of non-objection of all audit and supervisory board members without conflicts of interest of the Target Company

(vii) Nonexistence of deal protection clauses

(viii) Measures for securing opportunities for the shareholders of the Target Company to decide whether or not to tender their shares in the Tender Offer

For details regarding the above, please refer to “(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(ii) Background of Valuation” in “(4) Basis for Valuation of the Tender Offer Price” in “2. Outline of the Tender Offer” below.

(4) Policies for Reorganization after the Completion of the Tender Offer (Matters Concerning the So-Called “Two-Step Acquisition”)

As stated in "(1) Outline of the Tender Offer" above, should not all of the Target Company Shares be acquired through the Tender Offer (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company), the Tender Offeror plans to implement the following Squeeze-Out Procedures after the completion of the Tender Offer.

1. Demand for Share Cash-Out

If, after completion of the Tender Offer, the total number of the voting rights of the Target Company owned by the Tender Offeror accounts for 90% or more of the voting rights owned by all shareholders of the Target Company, allowing the Tender Offeror to become a special controlling shareholder defined in Article 179, paragraph 1 of the Companies Act, the Tender Offeror plans to demand that all of the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) (the “Selling Shareholders”) sell all of the Target Company shares owned by them pursuant to the provisions of Section 4-2 of Chapter 2 of Part II of the Companies Act immediately after the settlement of the Tender Offer is completed (the “Demand for Share Cash-Out”). The Demand for Share Cash-Out is planned to provide that the same amount of money as the Tender Offer Price will be delivered to the Selling Shareholders in exchange for one Target Company Share. In this case, the Tender Offeror will give the Target Company a notice to that effect, and will seek an approval for the Demand for Share Cash-Out from the Target Company. If the Target Company approves the Demand for Share Cash-Out through a resolution at a board of directors' meeting, the Tender Offeror will acquire all of the Target Company shares owned by the Selling Shareholders from them on the acquisition date provided in the Demand for Share Cash-Out, without obtaining individual approval from each Selling Shareholder, in accordance with the procedures provided by relevant laws and regulations. The Tender Offeror plans to deliver to the Selling Shareholders the same amount of money as the Tender Offer Price in exchange for each Target Company Share owned by the Selling Shareholders.

According to the Target Company's press release, if the Target Company receives a notice from the Tender Offeror on its intention to make the Demand for Share Cash-Out and the matters set forth in the items of paragraph 1 of Article 179-2 of the Companies Act, the Target Company will approve the Demand for Share Cash-Out by the Tender Offeror at its board of directors' meeting.

If the Demand for Share Cash-Out is conducted as a procedure under the Companies Act aiming to protect minority shareholders' rights related to the above procedures, it is provided that the Selling Shareholders may file a petition with the court to determine the purchase price of the Target Company Shares owned by them pursuant to the provisions of Article 179-8 of the Companies Act and other related laws and regulations. If the petition is filed, the purchase price of the Target Company Shares will ultimately be determined by the court.

2. Reverse Share Split

If after the Tender Offer is completed, the total number of the voting rights of the Target Company owned by the Tender Offeror does not reach 90% or more of the voting rights owned by all shareholders of the Target Company, the Tender Offeror plans to request, promptly after the settlement of the Tender Offer is completed, that the Target Company hold a special shareholders' meeting around February 2025, whose agenda items will include implementation of a reverse share split of the Target Company Shares pursuant to Article 180 of the Companies Act (the "Reverse Share Split") and a partial amendment of the articles of incorporation to abolish the provisions on numbers of shares per unit subject to effectuation of the Reverse Share Split (the "Extraordinary General Meeting of Shareholders"). According to the Target Company's press release, if the Tender Offeror makes this request, the Target Company will accept it. Furthermore, the Tender Offeror plans to support each of the agenda items described above at the Extraordinary General Meeting of Shareholders.

If the Reverse Share Split agenda is approved at the Extraordinary General Meeting of Shareholders, the Target Company's shareholders will each, as of the date the Reverse Share Split is to take effect, own the number of the Target Company Shares equivalent to the Reverse Share Split ratio approved at the Extraordinary General Meeting of Shareholders. If the Reverse Share Split results in fractional shares that are less than one share, the money to be obtained by selling the Target Company Shares equivalent to the sum total of such fractional shares (if the sum total contains fractional shares less than one share, the fractional shares shall be rounded down; the same applies hereinafter) to the Tender Offeror will be delivered to the Target Company's shareholders to whom fractions occurred in accordance with the provisions in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target Company shares that equal the total number of the fractional shares, the Tender Offeror plans to request that the Target Company file a petition for voluntary sale permission with the court, so that the amount of money to be delivered as a result of the sale, to the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company), will be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Target Company Shares owned by each shareholder.

Although the Reverse Share Split ratio is undetermined as of today, the Tender Offeror plans to request that the Target Company determine the ratio so that the number of the Target Company Shares owned by the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be fractions that are less than one share, intending to make the Tender Offeror own all Target Company Shares (excluding the treasury shares held by the Target Company).

Furthermore, as the provisions aiming to protect minority shareholders' rights related to the Reverse Share Split, the Companies Act provides that if the Reverse Share Split results in fractional shares that are less than one share, the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) may demand that the Target Company purchase all of the fractional shares less than one share owned by them at a fair price and may file a petition with the court to determine the price of the Target Company shares, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If such a petition is filed, the purchase price will ultimately be determined by the court.

The procedures for 1 and 2 described above may require a certain amount of time to be implemented or may be subject to change in the implementation methods, depending on the amendments to relevant laws and regulations, their implementation, and their interpretation by relevant authorities. However, even in such cases, if the Tender Offer is completed, the methods by which money will eventually be delivered to the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be adopted, and the amount of money to be delivered to the relevant Target Company's shareholders in those cases will be calculated so that it will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company shares owned by the relevant Target Company's shareholders.

The specific procedures and timeline of the implementation in the above cases will be announced by the Target Company promptly after they are determined by the Tender Offeror after discussions with the Target Company.

The Tender Offer is not intended to solicit the Target Company's shareholders for support at the Extraordinary General Meeting of Shareholders. The Target Company's shareholders are asked to consult with experts such as tax accountants at their own responsibility concerning the handling of tax affairs in tendering their shares in the Tender Offer or the above procedures.

(5) The Possibility of Delisting and Reasons Thereof

As of today, the Target Company Shares are listed on the Prime Market of TSE. Since the Tender Offeror has set no upper limit of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted depending on the results of the Tender Offer after following the designated procedures pursuant to the delisting standards established by the TSE. Even if the delisting standards do not apply to the Target Company Shares at the time of the completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedures as described in "(4) Policies for Reorganization after the Completion of the Tender Offer (Matters Concerning the So-Called "Two-Step Acquisition")" above after the completion of the Tender Offer. Therefore, if the procedures are implemented, the delisting standards set by TSE will then apply, and the Target Company Shares will be delisted following the designated procedures. The Target Company Shares cannot be traded on the Prime Market of TSE after delisting.

(6) Matters Concerning Material Agreements Related to the Tender Offer

Not applicable.

2. Outline of the Tender Offer

(1) Outline of the Target

1	Name	Elematec Corporation	
2	Location	3-5-19 Mita, Minato-ku, Tokyo	
3	Title and Name of Representative	Akira Yokode, Chief Executive Officer and Chairman of the Board	
4	Description of Business Activities	Domestic and overseas sales of electronic materials, electronic components, and equipment, as well as processing, assembly, design, and contract manufacturing	
5	Capital	2.142 billion yen	
6	Date of Establishment	April 28, 1947	
7	Major Shareholders and Ownership Pecentages(Percentage (%) of shares held to the total number of issued shares (excluding treasury shares) as of March 31, 2024)	Toyota Tsusho Corporation	58.63%
		The Master Trust Bank of Japan, Ltd. (trust account)	6.00%
		Elematec ESOP	2.81%
		Custody Bank of Japan, Ltd. (trust account)	2.20%
		Osaka Small and Medium Business Investment & Consultation Co., Ltd.	1.43%
		STATE STREET BANK AND TRUST COMPANY 505223 (standing proxy - Mizuho Bank, Ltd.	0.77%
		Nomura Securities	0.68%
		THE BANK OF NEW YORK MELLON 140042 (standing proxy - Mizuho Bank, Ltd.	0.58%
		JPMorgan Securities Japan	0.52%
		MSIP CLIENT SECURITIES (standing proxy - Morgan Stanley MUFG Securities Co., Ltd.	0.49%
8	Relationship Between the Listed Companies and the Target Company		
	Capital Relationship	The Tender Offeror owns 24,005,800 Target Company Shares (Ownership Ratio: 58.63%) as of today, and the Target Company is a consolidated subsidiary.	
	Personnel Relationship	Of the directors of the Target Company, one director also works as employee at the Tender Offeror, and two Seconded are dispatched from the Tender Offeror. Further, one of the four Audit & Supervisory Board Members of the Target Company also serves as an Audit & Supervisory Board Member of NEXTY Electronics, a wholly-owned subsidiary of the Tender Offeror.	
	Business Relationship	The Target Company group mutually supplies the Tender Offeror with some products sold by the Target Company.	
	Status as Related Party	The Target Company group is a consolidated subsidiary, and therefore a related party of the Tender Offeror.	

(Note) "Major Shareholders and Ownership Percentages (Percentage (%) of shares held to the total number of issued shares (excluding treasury shares) as of March 31, 2024)" is based on the "the Major Shareholders" from the Target Company's Securities Report for the 78th term submitted on June 26, 2024 (hereinafter the "Target Company's Securities Report").

(2) Schedule, etc.

1) Schedule

Date of Resolution of the Board of Directors	October 29, 2024 (Tuesday)
Date of Public Notice of Commencement to Tender	October 30, 2024 (Wednesday) The Target Company public notice is issued and the notice to that effect is

Offer	posted in the *Nihon Keizai Shimbun* (Japanese Only). URL of the Target Company public notice: (https://disclosure2.edinet-fsa.go.jp/)
Submission Date of Tender Offer Registration Statement	October 30, 2024 (Wednesday)

2) Tender Offer Period Originally Specified in the Registration Statement

From October 30, 2024 (Wednesday) to December 11, 2024 (Wednesday) (30 business days)

3) Possibility of Extension Upon Request of the Target

Not applicable

(3) Tender Offer Price

2,400 yen per common share

(4) Basis for Valuation of the Tender Offer Price

1. Basis for Valuation

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial adviser of the Tender Offeror, as a third-party valuation firm independent from the Tender Offeror and the Target Company, evaluate the Target Company Shares.

After reviewing the financial condition of the Target Company and trends in the market price of Target Company Shares, Nomura Securities reached the view that the value of the Target Company Shares should be evaluated from multi-viewpoints. As a result of considering the valuation methods to be applied among several methods to evaluate the value of the Target Company Shares, Nomura Securities elected to use the following methods: the Market Stock Average, due to the existence of the market share price; comparable company analysis method, due to the fact that the existence of listed companies comparable to the Target Company enabled valuation of the value of the Target Company Shares by analogy; and the Discounted Cash Flow Method (hereinafter the "DCF Method"), in order to reflect future business activities. The Tender Offeror has received a stock valuation report (hereinafter referred to as the "Purchaser's Share Value Statement") from Nomura Securities. (Note)

Nomura Securities is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer. Furthermore, by comprehensively considering the factors stated in "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "3. Outline of the Tender Offer" below, the Tender Offeror considers that the interests of the Target Company's minority shareholders have been sufficiently considered. Therefore, the Tender Offeror has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

The ranges of the per-share-value of the Target Company Shares evaluated by Nomura Securities using each of the above methods are as follows:

Market Stock Average : 1,696 yen to 1,867 yen

Comparable company analysis method	:	1,411 yen to 2,698 yen
DCF Method	:	1,715 yen to 2,771 yen

The analysis under the average market price method demonstrates that the range of the per-share-value of the Target Company Shares is between 1,696 yen and 1,867 yen, on the basis that the closing price of Target Company Shares on the record date was 1,697 yen; a simple average of the closing prices of Target Company Shares in the previous five business days was 1,696 yen; a simple average of the closing prices of Target Company Shares in the previous month was 1,731 yen; a simple average of the closing prices in the previous three months was 1,747 yen; and a simple average of the closing prices in the previous six months was 1,867 yen, all of which prices are those on the Prime Market of TSE having October 28, 2024 as the record date.

Under Similar Company Comparative Methods, the value per share of the Target Company Shares was evaluated to range from 1,411 yen to 2,698 yen, by comparing financial indicators that show the share values and profitability of comparable listed companies that operate similar businesses as the Target Company.

The analysis under the DCF Method demonstrates that the range of the per-share-value of the Target Company Shares is between 1,715 yen and 2,771 yen, as a result of analyzing the corporate value and the share value of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in the future with a certain discount rate, based on the estimated revenue of the Target Company from the third quarter of the fiscal year ending March 2025, taking into consideration revenue and investment plans in the business plan for the four fiscal years from the fiscal year ending March 2025 through the fiscal year ending March 31, 2028, received from the Target Company (the business plan received from the Target Company does not include the free cash flow) and provided to Nomura Securities after confirmation by the Tender Offeror, management interview of the Target Company, recent trends in the business performance, information publicly available and other factors.

The business plan of the Target Company based on the DCF Method does not include fiscal years in which a substantial increase/decrease in profit is expected. That business plan is not premised on the Transaction being implemented, and does not reflect the synergies expected by the Transaction being completed because it is difficult to specifically estimate those synergies at present.

By cumulatively considering the valuation results of the value of the Target Company Shares stated in the Purchaser’s Share Value Statement obtained from Nomura Securities, as well as the results of the due diligence conducted with respect to the Target Company from early September 2024 to early October 2024, the possibility of obtaining support for the Tender Offer from the Target Company’s board of directors, and the outlook for the applications for the Tender Offer, and based on results of the discussions and negotiations of the Target Company, the Tender Offeror ultimately decided today that the Tender Offer Price would be 2,400 yen.

The Tender Offer Price of 2,400 yen is the amount obtained by adding a premium of 41.43% to 1,697 yen, which is the closing price of Target Company Shares on the Prime Market of TSE on October 28, 2024, the business day immediately prior to the date of the announcement regarding the conduct of the Tender Offer, 38.65% to 1,731 yen, which is the simple average closing price for the past month, 37.38% to 1,747 yen, which is the simple average closing price for the past three months, and 28.55% to 1,867 yen, which is the simple average closing price for the past six months, respectively.

(Note) In evaluating the Target Company Shares, Nomura Securities has assumed, without independent verification, the accuracy and completeness of the information that was publicly available or supplied to it. Nomura Securities has not made any independent valuation, assessment, or appraisal of the assets or liabilities (including financial derivatives, out-of-book assets and liabilities, and other contingent liabilities) of the Target Company and its related companies, including analysis and valuation of individual assets and liabilities, nor has Nomura Securities requested an assessment or appraisal from any third-party organization. With respect to the financial projections (including the profit plan and other information) of the Target Company, Nomura Securities has assumed that they have been reasonably examined or created by the management of the Tender Offeror based on the best and most faithful projections and judgments available at present. The valuation by Nomura Securities reflects the information and economic conditions that it obtained before October 28, 2024. The aim of Nomura Securities' valuation is only to contribute to the examination by the board of directors of the Tender Offeror of the value of the Target Company shares.

2. Background of Valuation

(Background Leading to Determination of the Tender Offer Price)

The Tender Offeror conducted due diligence with regard to the Target Company from early September 2024 to early October 2024 to examine the feasibility of the Tender Offer. In parallel, the Tender Offeror and the Special Committee repeatedly discussed the significance and purpose of the Transaction, the synergy effect expected to be generated by the Transaction, the management structure and business policies to be put in place, and industry prospects after the Transaction with the Target Company and the Special Committee. Specifically, on September 4, 2024, the Tender Offeror received written inquiries from the Special Committee concerning the background, significance, purpose, and implementation timeline of the Transaction, structure of the Transaction, industry prospects, synergy effects, etc., and the Tender Offeror gave written responses to these inquiries on September 9. the Special Committee on September 20, and the Tender Offeror gave written responses to these opinions and inquiries on October 3, 2024.

Subsequently, the Tender Offeror comprehensively considered information obtained from the due diligence that they conducted with regard to the Target Company, the initial share value analysis content of the Target Company conducted by Nomura Securities, the Tender Offeror's financial advisor based on such information, and the initial share value analysis content of the Target Company conducted by the Tender Offeror based on such information. The Tender Offeror then made a proposal for the Transaction on October 9, 2024, which involved setting the Tender Offer Price as of the Tender Offer at 2,100 yen (20.55% premium on the share price of 1,742 yen as of the immediately preceding business day) based on the fact the Target Company would not pay a year-end dividend for the fiscal year ending March 2025.

In response, on October 10, the Special Committee requested the details of the proposal be deliberated again as the proposed price was not sufficient in light of the intrinsic value deliberated based on earning power and share value of the Target Company. Thus, on October 11, the Tender Offeror explained the response to the Special Committee and answered questions about it, and the significance and purpose of the Transaction were discussed. On October 15, the Tender Offeror proposed that they would like to make the Tender Offer Price 2,300 yen (32.03% premium on the share price of 1,742 yen on the Prime Market of TSE as of the immediately preceding business day). In response, on October 19, the Special Committee requested a further review of the proposal, noting that the proposed price was insufficient compared to the valuation provided by Daiwa Securities, the Target Company's Third-Party Accounting Authority, and did not adequately reflect the intrinsic value of the Target Company from the perspective of minority shareholders who may continue to hold shares. Additionally, on the same day, the Tender Offeror received written questions from the Target Company regarding the synergy effects, and on October 22, the Tender Offeror responded to the Special Committee and the Target Company, conducting a Q&A session. Furthermore, on the same day, the Tender Offeror proposed increasing the Tender Offer Price to 2,380 yen (representing a 37.57% premium on 1,730 yen, the closing price of the Target Company shares on the Prime Market of TSE as of the immediately preceding business day). However, on October 23, the Special Committee again requested reconsideration of the proposal, indicating that the proposed price was insufficient when compared to the premium levels in similar past transactions and the intrinsic value of the Target Company from the perspective of minority shareholders. Following this request, on October 24, the Tender Offeror reaffirmed that the proposed price of 2,380 yen represented the maximum reflection of the intrinsic value of the Target Company's shares and provided an attractive opportunity for minority shareholders, significantly exceeding the Target Company's highest trading price to date (2,130 yen on July 16 of the same year). The Tender Offeror thus reaffirmed its proposal to set the Tender Offer Price at 2,380 yen (representing a 39.75% premium on 1,703 yen, the closing price of the Target Company shares on the Prime Market of TSE as of the immediately preceding business day). In response to this proposal, on October 25 of the same year, the Special Committee, after considering the premium levels in comparable past transactions and the intrinsic value of the Target Company for minority shareholders, requested an increase of the Tender Offer Price to 2,400 yen. Accordingly, on the same day, the Tender Offeror raised the Tender Offer Price to 2,400 yen (representing a 41.26% premium on 1,699 yen, the closing price of the Target Company Shares on the Prime Market of TSE as of the immediately preceding business day). On the same day, following advice from Daiwa Securities and Anderson Mori & Tomotsune, advisors to the Target Company, as well as deliberations within the Target Company and the Special Committee, the Special Committee informed the Tender Offeror of its acceptance of the proposal, agreeing to set the Tender Offer Price at 2,400 yen.

Additionally, the Tender Offeror held multiple rounds of discussions and deliberations with the Target Company concerning the management policy of the Target Company after the Transaction. As a result, the Tender Offeror presented the Document to the Target Company. For the content of the Document, see "(3) Management policy after the Tender Offer" in "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer " under "1. Purpose of the Tender Offer" above.

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial adviser of the Tender Offeror, as a Third-Party Accounting Authority independent from the Tender Offeror and the Target Company, evaluate the Target Company Shares, and the Tender Offeror received the Purchaser's Share Value Statement today.

Nomura Securities is not a related party of the Tender Offerors or the Target Company and does not have any material interest in the Tender Offer. Furthermore, by comprehensively considering the factors stated below, the Tender Offeror considers that the interests of the Target Company's minority shareholders have been sufficiently considered. Therefore, the Tender Offeror has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities. Outline of the Purchaser's Share Value Statement, and reasons leading to determination of the Tender Offer Price based thereon, are as follows.

(i) Outline of the Purchaser's Share Value Statement

Nomura Securities evaluated the Target Company Shares using the Market Stock Average, Similar Company Comparative Methods and DCF Method; and the ranges of the per-share-value of the Target Company Shares calculated using each method are as follows: (Note 1)

Market Stock Average	:	1,696 yen to 1,867 yen
Similar Company Comparative Methods	:	1,411 yen to 2,698 yen
DCF Method	:	1,715 yen to 2,771 yen

(ii) Reasons Leading to Determination of the Tender Offer Price Based on the Purchaser's Share Value Statement

By cumulatively considering the valuation results of the value of the Target Company Shares stated in the Purchaser's Share Value Statement obtained from Nomura Securities, as well as the results of the due diligence conducted with respect to the Target Company from early September 2024 to early October 2024, the possibility of obtaining support for the Tender Offer from the Target Company's board of directors, and the outlook for the applications for the Tender Offer, and based on results of the discussions and negotiations with the Target Company, the Tender Offeror ultimately decided today that the Tender Offer Price would be 2,400 yen. The Tender Offer Price exceeds the upper limit of valuation results based on Market Stock Average of the Purchaser's Share Value Statement written in "(i) Outline of the Purchaser's Share Value Statement" above, and the price is within the range valuation results using Similar Company Comparative Methods and the DCF Method.

(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)

Considering that the Tender Offeror is a controlling shareholder (parent company) of the Target Company with a Ownership Ratio of 58.63% of the Target Company shares, and that the Transaction, which includes the Tender Offer, constitutes a material transaction, etc. with a controlling shareholder, and constitutes a transaction that are typified by issues such as the existence of structural conflicts of interest and information asymmetry, the Target Company and Tender Offeror are implementing the following measures to address those issues and to ensure the fairness of the Transaction.

Further, the Tender Offeror owns 24,005,800 Target Company Shares (Ownership Ratio: 58.63%) as of today. Therefore, considering that setting the lower limit on the number of shares to be purchased through the Tender Offer by the so-called "majority of minority" will make completion of the Tender Offer unpredictable and will not be in the best interests of Minority Shareholders of the Target Company who wish to tender in the Tender Offer, no lower limit on the number of shares to be purchased in the Tender Offer by the "majority of minority" was set. However, the Tender Offerors and the Target Company took the measures set out below to ensure the fairness of the Tender Offer. Thus, Tender Offerors believe that the interests of the minority shareholders of the

Target Company were sufficiently considered.

(i) Acquisition of a Share Value Calculation Statement by the Tender Offeror from an Independent Third-Party Accounting Authority

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial adviser of the Tender Offeror, as a Third-Party Accounting Authority independent from the Tender Offeror and the Target Company, evaluate the Target Company Shares, and the Tender Offeror received the Purchaser's Share Value Statement today. For details about the Purchaser's Share Value Statement concerning valuation results of Target Company Shares the Tender Offeror acquired from Nomura Securities, please see "1. Basis for Valuation" above.

(ii) Acquisition of a Share Value Calculation Statement by the Target from an Independent Third-Party Accounting Authority

a. Name of Third-Party Accounting Authority and its Relationship with the Target and the Tender Offeror

According to a press release of the Target Company, when expressing its opinion on the Tender Offer, the Target Company requested Daiwa Securities, its financial advisor and Third-Party Accounting Authority independent from the Tender Offeror and the Target Company Group, to calculate the Target Company’s share value and obtained the Eligibility Calculation Statement on October 28, 2024. Daiwa Securities is not a related party of the Tender Offeror or the Target Company Group, and does not have any material interest in connection with the Transaction, including the Tender Offer, needing to be disclosed.

Further, as stated in "(v) Building an independent deliberation system at the Target Company" in "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Background of Valuation," since the Tender Offeror and the Target Company have implemented the measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, the Target Company has not obtained from Daiwa Securities any opinion concerning the fairness of the Tender Offer Price (Fairness Opinion). Remuneration for Daiwa Securities includes a completion bonus to be paid subject to the completion or the like of the Transaction, but the Target Company taking into consideration customary practices in similar kinds of transactions as well as the pros and cons of the Remuneration Structure that would impose a financial burden on the Target Company even if the Transaction did not go through, and based on the fact that such completion bonus was included, the Target Company deemed that Daiwa Securities did not have a material interest in the success or failure of the Transaction as opposed to minority shareholders, decided that independence was not necessarily denied, and appointed Daiwa Securities as its financial advisor and Third-Party Accounting Authority based on the Remuneration Structure.

b. Outline of Valuation Pertaining to the Target Company Shares

After considering which methods should be applied to calculate the value of the Target Company Shares among various share value calculation methods available, and assuming that the Target Company is a Going Concern and keeping in mind that it is appropriate to evaluate the value of the Target Company Shares from various perspectives, Daiwa Securities analyzed the value per share of the Target Company Shares using (i) the Market Stock Price Method in order to take trends of the Target Company Share price in the market into account, (ii) the

Similar Company Comparative Method because there are several listed companies that are comparable with the Target Company and it is possible to make an analogical inference of the share value of the Target Company Shares by comparing similar companies, and (iii) the DCF Method so as to reflect in the evaluation the current and expected business results of the Target Company. The Target Company obtained from Daiwa Securities the Eligibility Calculation Statement on October 28, 2024.
The following are the ranges of values per share of the Target Company Shares that were calculated based on each calculation method mentioned above.

Market Stock Price Method	:	1,697 yen to 1,897 yen
Similar Company Comparative Methods	:	1,981 yen to 2,275 yen
DCF Method	:	2,327 yen to 2,712 yen

Under Market Stock Price Method, using October 28, 2024 as the valuation reference date, the value per share of the Target Company Shares was evaluated to range from 1,697 yen to 1,867 yen, based on the closing price of the reference date (1,697 yen), the simple average closing price for the most recent one month (from September 30, 2024 to October 28, 2024) (1,731 yen), the simple average closing price for the most recent three months (from July 29, 2024 to October 28, 2024) (1,747 yen) and the simple average closing price for the most recent six months (from April 30, 2024 to October 28, 2024) (1,867 yen) of the Target Company Shares on the Prime Market of TSE.
Under Similar Company Comparative Methods, the value per share of the Target Company Shares was evaluated to range from 1,981 yen to 2,275 yen, by selecting Macnica Holdings Inc., Kaga Electronics, Co. Ltd., and Tokyo Electron Device Ltd. as comparable listed companies, and using an enterprise-value-to-EBITDA ratio.
Under the DCF Method, the value per share of the Target Company Shares was evaluated to range from 2,327 yen to 2,712 yen, after analyzing the enterprise value and the share value of the Target Company calculated by discounting to the current value at a certain discount rate the free cash flow that the Target Company is expected to generate from the fiscal year ending March 2025 based on the Target Company’s estimated future earnings and investment plan in the business plan for a period of four fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2028 prepared by the Target Company, publicly disclosed information, and other information. The Financial Projections used by Daiwa Securities for DCF analysis do not include business years during which a significant increase or decrease in revenue is expected, but includes business years expected to see large fluctuations in free cash flow. Specifically, operating income is expected to expand due to increasing sales in the fiscal year ending March 2025, and because there is expected to be a large decrease of free cash flow as the working capital increases from the effects of the increased operating income, the fiscal year ending March 2026 is not expected to see significant increase or decrease in revenue, but a significant increase in free cash flow is expected. In the fiscal year ending March 2027, the operating income is expected to expand due to increasing sales, and accordingly, because there is expected to be a large decrease of free cash flow as the working capital increases, a large decrease in cash flow is expected. A range of 8.4% to 9.4% is adopted as the discount ratio, the perpetual growth rate method is adopted for the calculation of continuous value, and

the perpetual growth rate is determined to be 0.0% to 1.0%

In the business plan prepared by the Target Company that was used for the DCF analysis conducted by Daiwa Securities, the synergies expected by the Transaction being completed are not reflected in the above evaluation because it is difficult to specifically estimate those synergies at present.

The figures of the Target Company's Financial Projections used as the basis for calculation by the DCF Method are as follows. Concerning the financial projections of the Target Company, in consideration of an environment affecting the Target Company Group as written in "(i) Background of the Tender Offer" of "1. Background, Purpose, and Decision-making Process Leading to the Implementation of the Tender Offer" in "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer" under "1. Purpose of the Tender Offer" above towards the First Quarter Financial Results (IFRS) (consolidated) announced on July 29, 2024, a certain extent of adjustments are being made, so the performance forecast of the fiscal year ending March 2025 in financial projections of the Target Company are numerical targets that differ from the Target Company's First Quarter Financial Results, but including this point, the Special Committee verified and approved in advance the reasonableness of the details, material assumptions, the preparation process, and the like of the Target Company's business plan. For more details, see "c. Determinations" under "(iii) Establishment of Independent Special Committee at the Target and Obtainment of a Report from the Special Committee" below.

(Unit: million yen)

	FY ending March 2025 (6 months)	FY ending March 2026	FY ending March 2027	FY ending March 2028
Sales	113,801	229,945	256,469	285,328
Operating Profit	5,347	10,611	11,649	13,169
EBITDA	6,039	11,995	13,033	14,553
Free Cash Flow	-3,431	6,261	1,769	2,292

(iii) Establishment of Independent Special Committee at the Target Company and Obtainment of a Report from the Special Committee

a. Process of the Establishment of the Special Committee

As mentioned in "(2) The Decision-Making Process and Its Reasons at the Target Company" in "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer" in "1. Purpose of the Tender Offer" above, the Target Company established the Special Committee by a resolution at the meeting of the board of directors of the Target Company held on September 4, 2024. Prior to the establishment of the Special Committee, in order to establish systems to deliberate, negotiate, and make decisions regarding the Transaction from the perspective of improving the Target Company's corporate value and ensuring the interests of the Target Company's general shareholders from a position independent from the Tender Offeror, from late August, 2024, the Target Company explained to the Independent Outside Directors and Independent Outside Audit & Supervisory Board Members of the Target Company who do not have any significant interest in the Tender Offeror .based on the fact (a) it received an initial written proposal suggesting the background of the Transaction and growth plan after the Transaction from the Tender Offeror on August 9, 2024 and (b) it is necessary to take full measures, including establishing the Special Committee, in the course of conducting deliberations and negotiations on the Transaction to ensure the fairness of the terms and conditions of the Transaction. At the same time, the Target Company verified the independence and competence of its Independent Outside Directors and Independent Outside Audit & Supervisory Board Members who were to be nominated as Special Committee members with the advices from Anderson Mori & Tomotsune, and confirmed that each of those candidate Special Committee members has no significant interest in the Tender Offeror and no significant interest in the successful or unsuccessful completion of the Transaction that is different from the general shareholders. Thereafter, as a result of discussions by the Independent Outside Directors and Independent Outside Audit & Supervisory Board Members of the Target Company about ensuring a balance of knowledge, experience, and skills among Special Committee members and structuring the Special Committee based on the proper scale, and with the advice from Anderson Mori & Tomotsune, the Target Company confirmed that there was no objection, and appointed three people as candidate members of the Special Committee: Yoshiaki Yatsu (Independent Outside Director), Mie Fujimoto (Independent Outside Director), and Toshio Ohshima (Independent Outside Director) (Yoshiaki Yatsu, Independent Outside Director, was appointed as a chairperson of the Special Committee, and members of the Special Committee have not been changed since its establishment.).

As explained in “(2) The Decision-Making Process and Its Reasons at the Target Company” in “(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer” in “1. Purpose of the Tender Offer, Etc.” above, the Target Company established the Special Committee by a resolution at the meeting of the Board of Directors of the Target Company held on September 4, 2024. Additionally, the Board of Directors of the Target Company asked the Special Committee the following matters (hereinafter referred to as the "Entrusted Matters".): (i) whether the purpose of the Transaction is logically seen as reasonable (including whether the Transaction contributes to improving the corporate value of the Target Company), (ii) whether fairness is ensured for procedures in decision-making and negotiations involved in the Transaction, (iii) whether the reasonableness of the Transaction terms and conditions (including the Tender Offer Price) is ensured, (iv) whether the Transaction (including decisions made by the Target Company’s Board of Directors concerning the Transaction) is believed to not be disadvantageous to the minority shareholders of the Target Company, and (v) the pros and cons of recommending that shareholders of the Target Company tender their shares in the Tender Offer.

Further, in establishing the Special Committee, the Target Company's Board of Directors resolved (i) it will make decisions while giving maximum respect to the Special Committee’ decisions; and (ii) it will not approve the Transaction under the proposed transaction terms and conditions if the Special Committee deem these terms and conditions unreasonable. Furthermore, the Target Company's Board of Directors resolved that it authorizes to the Special Committee: (i) when reviewing the Entrusted Matters, the Special Committee may request third-party organizations and other advisors to provide financial opinions concerning valuation of shares of the Target Company and entrust other matters the Special Committee deem as necessary (the costs of which will be borne by the Target Company) (the Target Company is to bear reasonable costs involved with the expert advice of Special Committee advisors. Further, when the Special Committee deem that the advisors of the Target Company hold high expertise and are independent, and that Special Committee can trust and seek their expert advice, the Special Committee may seek the expert advice or explanations of the advisors of the Target Company); (ii) Special Committee may receive from the Target Company's officers and employees, or other persons deemed necessary by the Special Committee necessary information for deliberating and deciding on the Entrusted Matters; and (iii) Special Committee may preliminary confirm policies about negotiations by the Target Company concerning terms and conditions of the Transaction, substantially contribute to negotiation process concerning terms and conditions of the Transaction by receiving condition reports of these in a timely manner, stating opinions, and giving directions and making requests; and to deliberate and negotiate terms and conditions of the Transaction directly themselves when the Special Committee deems it necessary.

In consideration of the fact that the Target Company is the Tender Offeror's subsidiary and that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of eliminating the possibility of the deliberation and resolution at the meeting of the Board of Directors of the Target Company being affected by such issues, the above resolutions were passed at the above meeting of the Board of Directors of the Target Company by five directors with the unanimous approval of the directors after deliberations among the five directors excluding four directors (Director Yosuke Komatsu, who also works for the Tender Offeror, Director Koichi Okoshi and Director Naohito Tsuji, who are seconded from the Tender Offeror, and Director Tatsumi Maeda, an Independent Outside Director from the Tender Offeror's subsidiary TOMEN DEVICES CORPORATION (hereinafter "TOMEN DEVICES") from nine directors of the Target Company. On the other hand, of the directors of the Target Company who participated in deliberations and resolutions at the above Board of Directors, Akira Yokode, the Chief Executive Officer and Chairman of the Board at the Target Company, previously worked for the Tender Offeror (transferred from the Tender Offeror to the Target Company in July 2018), but he has indispensable and irreplaceable knowledge and experience for deliberating and negotiating the Transaction from a perspective of improving the corporate value of the Target Company as the Target Company's Chief Executive Officer and Chairman of the Board, and in consideration of conditions that he transferred from the Tender Offeror to the Target Company in July 2018 and thus the he did not considered the Transaction when he worked at the Tender Offeror, he is not under contract with the Tender Offeror and thus not under their instructions; he participated in discussions and negotiations with the Tender Offeror as well as deliberations concerning the Transaction from the standpoint of the Target Company. The examination system (including the scope of the Target Company's officers who contribute to deliberation, negotiation, and decisions for the Transaction) for the Transaction established internally at the Target Company is based on the advice of the Target Company's legal advisor, Anderson Mori & Tomotsune, and the Special Committee gave approval after deeming there were no issues from the perspective of independence and fairness. Further, the above meeting of the Board of Directors was attended by three Audit & Supervisory Board Members (excluding Hiroshi Ito, an Audit & Supervisory Board Member of NEXTY Electronics, a wholly-owned subsidiary of the Tender Offeror), and all attending Audit & Supervisory Board Members stated that they had no objections to the above resolutions.

Further, in consideration of the fact that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of

eliminating the possibility of being affected by such issues, four directors (Director Koichi Okoshi, Director Naohito Tsuji, Director Yosuke Komatsu, and Director Tatsumi Maeda) out of directors of the Target Company and Audit & Supervisory Board Member Hiroshi Ito of the Target Company did not participate in deliberations and resolutions at the meeting of the Board of Directors on the Transaction including the above meeting, and did not participate in discussions and negotiations on the Transaction in the position of the Target Company.
It was also decided that a fixed compensation is to be paid to each Special Committee member as compensation for his or her duties regardless of whether the Transaction is successfully completed.

b. Process of Review
The Special Committee held a total of 11 meetings during the period from September 4, 2024 to October 28, 2024. In addition, the members of the Special Committee performed their duties regarding the Entrusted Matters by, among other actions, reporting to and sharing information with other members as well as deliberating and making decisions on relevant matters through e-mails whenever necessary between meetings. Specifically, the Special Committee received explanations from the Tender Offeror regarding the background leading to the proposal of the Transaction, the purpose of the Transaction, business environment, business plans, and conducted a Q&A session.
Furthermore, the Special Committee confirmed and approved the reasonableness of the details, material assumptions, the preparation process, and the like of the business plan to be presented to the Tender Offeror that constitutes the basis for Daiwa Securities calculation of the value of the Target Company Shares.
Furthermore, the Special Committee received legal advice from Anderson Mori & Tomotsune, the legal advisor for the Target Company, regarding measures to ensure fairness in the Transaction, measures to avoid conflicts of interest, and other general matters related to the Transaction in consideration of its independence and expertise. Additionally, in light of the independence and expertise of Daiwa Securities, the financial advisor for the Target Company, the Special Committee consulted with Daiwa Securities at the request of the Target Company to deliberate and examine negotiation policies aimed at extracting a higher price from the Tender Offeror. Moreover, the Special Committee was informed in a timely manner each time the Target Company received proposals regarding the Tender Offer Price from the Tender Offeror. Upon the request of the Target Company, they received explanations from Daiwa Securities, the financial advisor for the Target Company, and repeatedly advised the Target Company to request an increase in the Tender Offer Price from the Tender Offeror, and the Special Committee also deliberated and examined the negotiation policy. Thus, the Special Committee was substantially involved in discussions and negotiations regarding the Tender Offer Price with the Tender Offeror.
As a result, the Target Company received a proposal that includes the Tender Offer Price of 2,400 yen per share from the Tender Offeror on October 25, 2024. Consequently, the Tender Offer Price increased from the initial offer price of 2,100 yen proposed by the Tender Offeror to 2,400 yen. In addition, the Special Committee received several explanations from Anderson Mori & Tomotsune about the details of the draft of the Target Company Press Release concerning the Tender Offer to be released by the Target Company and has confirmed that information will be fully disclosed.

c. Determinations

Under the circumstances described above, based on legal advice from Anderson Mori & Tomotsune, financial advice from Daiwa Securities, and the Company Valuation Report received on October 28, 2024, the Special Committee submitted the Report outlined below to the Board of Directors of the Target Company on the same day, with the unanimous agreement of the committee members as a result of several careful discussions and deliberations on the Matters of Inquiry.

(a) Content of report

1. It is considered that the Transaction contributes to the improvement of the Target Company's corporate value, and the purpose of the Transaction is reasonable.
2. It is considered that fairness in the negotiation process and in decision-making procedures regarding the Transaction have been ensured.
3. It is considered that the appropriateness of the terms and conditions of the Transaction (including the Tender Offer Price) have been ensured.
4. It is considered that the Transaction (including decisions made by the Target Company’s Board of Directors concerning the Transaction) is not disadvantageous to the Target Company's minority shareholders.
5. It is considered appropriate for the Target Company’s Board of Directors to express an opinion in favor of the Tender Offer and to make a resolution to recommend that the Target Company's shareholders tender their shares in the Tender Offer, and that it is not disadvantageous to the Target Company's minority shareholders.

(b) Reasons for report

1. Reasonableness of the purpose of the Transaction (including whether the Transaction will contribute to the improvement of the Target Company's corporate value)

After careful consultation and deliberation by the Special Committee, taking into account the following points, it is believed that the Transaction will contribute to the improvement of the Target Company's corporate value and that the purpose of the Transaction is reasonable.

a. The business environment surrounding the Target Company, as explained by the Tender Offeror and the Target Company, do not contain any unreasonable points, and is considered to be consistent with the generally accepted descriptions of the industry and market environment to which the Target Company belongs.

- Regarding the environment surrounding the Target Company Group, in addition to the increasing need for risk diversification driven by geopolitical risks such as the situation in Ukraine and the Middle East, as well as the conflict between the US and China, providing added value by responding quickly to rapid changes in demand is increasing important against a backdrop of fluctuations in growth areas due to rapid technological innovation and the sophistication and diversification of customer needs due to improved product performance, among other things.
- In this environment, the Target Company Group considers it necessary to develop major customers in Japan and overseas, expand into markets and regions with medium- to long-term potential, and provide high-value-added products and services.

b. Regarding the management issues of the Target Company, the initiatives and synergies that can be expected after the Transaction is implemented, and other matters explained by the Tender

Offeror and the Target Company, the content does not contain any unreasonable points, including the points in c. below that are expected to be made possible by making the Target Company a wholly-owned subsidiary of the Tender Offeror. Overall, it is believed to contribute to the improvement of the Target Company's corporate value.

c. In addition, the following benefits are expected by making the Target Company a wholly-owned subsidiary of the Tender Offeror.

- By maintaining close communication with the Tender Offeror and sharing targets, and by utilizing the network that the Tender Offeror Group has with these companies, it is believed that business opportunities acquired through the Tender Offeror Group's broad customer base can lead to the strengthening of the Target Company Group's customer base and enable expansion in their scale of operations.
- By utilizing the Target Company Group's high capability in making proposals to customers and the Tender Offeror Group's sites, network, and customer bases in these countries and regions, it is believed that the Target Company Group will be able to expand its business globally, further increase its overseas earnings, and also diversify its management risks.
- By selling the Target Company Group's products to the data centers and offshore wind power generation projects held by the Tender Offeror Group, it is believed that the Target Company Group's business fields can be expanded.
- By the Target Company becoming a wholly-owned subsidiary of the Tender Offeror, it is believed that the problem of structural conflicts of interest will be eliminated and even more active exchange of personnel will become possible, enabling the Target Company to utilize the knowledge and expertise of the officers and employees of the Tender Offeror Group in the Target Company's business, thereby enhancing the Target Company Group’s comprehensive capabilities and providing high added value to its customers.

d. The dyssynergies that the Target Company is concerned about include the following: (i) The difference in corporate culture between the Target Company and the Tender Offeror may result in the loss of the source of the Target Company’s corporate value, which is the trust it has gained from its customers by being agile and flexible in meeting their diverse needs; (ii) significant changes may be made to the Target Company's management structure without consideration of the current business environment surrounding the Target Company Group, which may result in the Target Company being unable to make prompt decisions or respond to changes in the business environment surrounding the Target Company Group, making it difficult to enhance corporate value through the creation of synergy effects; (iii) the Target Company's personnel rights and personnel system may not be respected, rendering them unable to maintain employment and employment conditions among other factors, which may result in a decline in employee morale and increase in employee turnover. However, the Target Company and the Special Committee requested that measures be taken to reduce the risk of the above mentioned dyssynergies arising from the Transaction, and according to a letter received from the Tender Offeror, the Tender Offeror has pledged (i) to respect the Target Company's corporate culture; (ii) to hold good faith discussions between the Tender Offeror and the Target Company regarding management structure, organization, personnel system, and other matters; and (iii) to maintain substantial and comprehensive employment conditions and benefits for its employees. Assuming that the matters described above will be implemented after the Transaction, the dyssynergies that may arise from the Target Company becoming a wholly-owned subsidiary of the Tender Offeror have been addressed to a certain extent. It is therefore reasonable to believe that the Transaction will not create more dyssynergies than the expected synergies.

2. Fairness of the negotiation process and the procedures in decision-making regarding the Transaction

After careful discussion and deliberation by the Special Committee taking into account the following points, it is considered that the fairness of the procedures for the Transaction have been ensured.

a. Establishment of the Special Committee

- The Transaction is being conducted by the target as an acquisition of a dependent company by the so-called controlling shareholder. Given the existence of a structural conflict of interest problem, an Special Committee consisting of three members, Mr. Yoshiaki Yatsu, Ms. Mie Fujimoto, and Mr. Toshio Ohshima, who are independent from the Tender Offeror Group (excluding the Target Company Group), was established from the perspective of eliminating arbitrariness and avoiding conflicts of interest in the decision-making process of the Target Company regarding the tender offer.
- In addition, the Special Committee met a total of 11 times and was substantially involved in discussions and negotiations with the Tender Offeror, as described above, and serious negotiations were conducted under circumstances that could be regarded as an arm's length transaction.

b. Appointment of advisors for the Target Company

- The Target Company has appointed Daiwa Securities as a Third-Party Accounting Authority and financial advisor that is independent from the Tender Offeror Group and the Target Company Group and whose expertise is recognized, and has obtained advice, opinions, and other guidance from a financial point of view from Daiwa Securities. The compensation to Daiwa Securities does include a completion bonus to be paid on conditions including the completion or the like of the Transaction. However, taking into consideration the general practice in similar transactions and the pros and cons of a Remuneration Structure that would impose a reasonable financial burden on the Target Company even if the Transaction is unsuccessful, the inclusion of such completion bonus does not indicate that Daiwa Securities has a material interest in the success or failure of the Transaction that differs from that of minority shareholders, and thus it is considered that the independence of Daiwa Securities is not negated by the inclusion of such completion bonus.
- Anderson Mori & Tomotsune has been retained as a legal advisor with independence and expertise, and measures to be taken to ensure the fairness of the procedures in the Transaction and other forms of guidance such as advice and opinions from a legal point of view have been obtained.

c. Acquisition of a Share Value Calculation Statement from a third-party valuation organization by the Target Company

- The Target Company has obtained the Eligibility Calculation Statement from Daiwa Securities. As detailed in 3. a. below, the Eligibility Calculation Statement utilizes multiple calculation methods, and care has been taken to ensure that the price is not calculated arbitrarily.
- Furthermore, there is no evidence of arbitrary actions by the officers and employees of the Tender Offeror in the preparation of the Target Company's business plan, which is the premise for such calculations, and there are no circumstances that raise doubts about the fairness of the calculations.

d. Establishment of an independent evaluation framework by the Target Company

- The Target Company has formed a project team consisting solely of officers and employees who are independent from the Tender Offeror Group since beginning consideration of the Transaction. The members of this team include eight officers and employees of the Target Company, including two Members of the Board of Directors who do not concurrently serve as officers and employees of companies in the Tender Offeror Group, and who have never held positions as officers and employees of such companies in the past, and this treatment is ongoing.
- In addition, Chief Executive Officer and Chairman of the Board Akira Yokode, previously worked for the Tender Offeror (having transferred from the Tender Offeror to the Target Company in July 2018), has essential and irreplaceable knowledge and experience for evaluating and negotiating the Transaction as Chief Executive Officer and Chairman of the Board of the Target Company, aimed at enhancing its corporate value. His transfer from the Tender Offeror to the Target Company in July 2018 occurred without any consideration of the Transaction during his time with the Tender Offeror, and he has neither entered into any agreements with the Tender Offeror nor has any command or supervisory relationship with it. In light of these circumstances, he was involved in the deliberations, negotiations, and decisions on the Transaction.
- With respect to the above, it is considered that there are no particular problems with the evaluation framework of the Target Company from an independence and fairness point of view. The Target Company has been evaluating the Transaction and discussing and negotiating with the Tender Offeror in such team, and there are no facts that would lead to the inference that the Tender Offeror Group had any undue influence in the process of evaluating the Transaction in the Target Company.

e. Non-involvement of special interest parties

- To eliminate the problem of structural conflicts of interest, of the nine directors of the Target Company, Director Yosuke Komatsu, who is also an employee of the Tender Offeror; Director Koichi Okoshi and Director Naohito Tsuji, who are seconded from the Tender Offeror; as well as Director Tatsumi Maeda, an outside director of TOMEN DEVICES, a subsidiary of the Tender Offeror, and of the four Audit & Supervisory Board Members of the Target Company, Audit & Supervisory Board Member Hiroshi Ito, who is an Audit & Supervisory Board Member at NEXTY Electronics, a wholly-owned subsidiary of the Tender Offeror, did not participate in deliberations and resolutions at the Target Company's Board of Directors meetings held up to the date hereof concerning the Transaction. In addition, said parties will not participate in any deliberation or resolution at the Target Company's Board of Directors meeting scheduled to be held on October 29, 2024, concerning the expression of opinion on the Transaction, and have not participated in any deliberations, nor any discussions or negotiations with the Tender Offeror, concerning the Transaction on behalf of the Target Company.
- There are no other facts that would lead to the inference that the Tender Offeror Group or any other party having a special interest in the Transaction had any undue influence on the decision-making process on the part of the Target Company during discussions, deliberations, and negotiations concerning the Transaction.

f. Ensuring opportunities for competing acquisition offers

- With respect to the Tender Offer, the period of purchase for the Tender Offer (the "Tender Offer Period") is scheduled to be set as 30 business days, which is longer than the minimum period set forth in relevant laws and regulations (20 business days). The Tender Offeror and the Target Company have not entered into any sort of agreement including any transaction protection clause that prohibits or restricts the Target Company from contacting any counter-takeover proposers other than the Tender Offeror to ensure that the opportunity for a Tender Offer by a party other than the Tender Offeror is not unfairly restricted. This, in conjunction with the setting of the above-mentioned Tender Offer Period, is consideration being given to ensure the fairness of the procedures for the Transaction by ensuring opportunities for counter-takeover proposals.

- Although active market checks were not conducted in the Tender Offer, the fairness of the procedures was ensured through other measures to ensure fairness, and it is generally difficult to say that this is a situation where active market checks function in a case where a controlling shareholder makes a dependent company a wholly-owned subsidiary. Therefore, the fairness of the procedures for the Transaction is considered not to be hindered by the fact that active market checks have not been implemented in this case.

g. Establishment of majority of minority condition

- A so-called “majority of minority” condition has not been set in the Tender Offer. However, the tender offeror owns 24,005,800 shares (Ownership Ratio: 58.63%) of the Target Company's Shares in the Tender Offer, and setting a majority of minority condition would make the completion of the Tender Offer unstable and is considered to not contribute to the interests of the minority shareholders who wish to tender their shares in the Tender Offer. Although a majority of minority condition has not been set, in order to achieve the lower limit of shares to be purchased under the Tender Offer (3,291,600 shares), the precondition that a certain number of minority shareholders of the Target Company approve and tender their shares in the Tender Offer; the fairness of the procedures being ensured through other measures to ensure fairness and the interests of minority shareholders of the Target Company being considered to be sufficiently taken into consideration; and the respect for the minority shareholders' choice to accept the Tender Offer and sell their shares at a reasonable premium in order to avoid uncertain market conditions in the future are considered to be in the interests of the minority shareholders. Therefore, the fairness of the procedures for the Transaction is considered not to be hindered by the single fact that a majority of minority condition has not been set in the Tender Offer.

h. The Squeeze-Out Procedures

- Minority shareholders who do not tender their shares in the Tender Offer will ultimately receive cash during the squeeze-out procedures, which are scheduled to be implemented after the Tender Offer. However, it will be clearly stated in press releases and other materials that the amount of money to be delivered during the squeeze-out procedures will be calculated to be the same as the Tender Offer Price multiplied by the number of Target Company Shares held by such shareholders, and certain consideration will be given to the possibility of coercion. In addition, the demand for a share cash-out or reverse share split planned during the squeeze-out procedures is a common method of making a company a wholly-owned subsidiary, and in both procedures, minority shareholders will be given appropriate opportunities to express their objections to the consideration. For these reasons, nothing particularly unreasonable has been found in the squeeze-out procedures.

i. Enhancement of information provision to general shareholders and improvement of process transparency

The following disclosures are planned to be made in the Target Company Press Release as important information that will contribute to the judgment of general shareholders regarding the appropriateness of the terms and conditions of the transaction among other factors.

- With respect to the Special Committee: (a) Information regarding the independence, expertise, and other qualifications of its members; (b) Information regarding the nature of the authority granted to the Special Committee; (c) Information regarding the process of consideration by the Special Committee and its involvement in the negotiation process; (d) The basis and reasons for the Special Committee's decision and the content of its report, (e) The Remuneration Structure for the Special Committee members; etc.

- With respect to the Eligibility Calculation Statement, and particularly with respect to the DCF Method, (i) The free cash flow projections of the Target Company on which the calculation was based and whether such projections were based on the assumption that the Transaction would be implemented; (ii) The process of preparing the financial projections on which the calculation was based; (iii) The type of discount rate and the basis for its calculation; (iv) The concepts of free cash flow projection period and going-concern value, such as growth rate assumed after the projection period; etc.
- Other processes leading to the implementation of the Transaction, negotiation history, etc.

3. Appropriateness of the terms and conditions of the Transaction (including the price of the Tender Offer)

After careful consultation and deliberation by the Special Committee taking into account the following points, it is considered that the fairness and appropriateness of the terms and conditions of the Transaction have been ensured based on the fact that the Tender Offer Price exceeds the upper limit of the calculation result from the Eligibility Calculation Statemen using the Market Stock Price Method and the Similar Company Comparative Methods, and is within the range of the calculation result using the DCF Method; the Tender Offer Price can be evaluated as a premium level to the simple average closing price of the Target Company's common stock on October 28, 2024, the day before the announcement of the Transaction, and for the most recent one-month, three-month, and six-month periods, with a certain premium attached; the Target Company has succeeded in raising the Tender Offer Price by 300 yen from the Tender Offeror's initial offer price; and there is no particularly unreasonable content with respect to the scheme and terms and conditions of the Transaction, including the Squeeze-out Procedures.

a. Acquisition of the Eligibility Calculation Statement from Daiwa Securities.

- According to the "Eligibility Calculation Statement" obtained by the Target Company from Daiwa Securities, a Third-Party Accounting Authority and financial advisor independent of the Tender Offeror Group and the Target Company Group, the per-share value of the Target Company Shares is among 1,697 yen and 1,867 yen according to the Market Stock Price Method, 1,981 yen and 2,275 yen according to the Similar Company Comparative Methods, and 2,327 yen and 2,712 yen according to the DCF Method. The Tender Offer Price (2,400 yen) exceeds the upper limit of the calculation result using the Market Stock Price Method and the Similar Company Comparative Methods, and is within the range of the calculation result using the DCF Method.
- The Special Committee received a detailed explanation regarding the calculation method and other details used in the stock valuation from Daiwa Securities and asked questions to Daiwa Securities and the Target Company regarding the selection of the valuation method, the selection of comparable companies and indices used as multiples in the Similar Company Comparative Methods, the Target Company's business plan as the basis for calculation using the DCF Method, financial projections based on said business plan, the calculation method for the continuing concern value, the basis for the discount rate, and the required working capital. As a result, upon consideration, no unreasonable points were found relative to general

evaluation practices.

- Regarding the business plan in particular, it was found to have been prepared in the same process and manner as the medium-term management plan normally prepared by the Target Company; there was no indication that the Tender Offeror Group had any undue involvement or influence in its preparation; and it is reasonable in light of the assumptions and the background and process of its preparation. In addition, regarding the business forecast for the fiscal year ending March 31, 2025, although it was revised in light of current business performance, the reasonableness of the revision background and process was confirmed based on an explanation from the Target Company.

- Therefore, the valuation of the Target Company's shares by Daiwa Securities is considered to be reasonable.

b. Premium level

- The Tender Offer Price (2,400 yen) represents a 41.43% premium over the closing price of 1,697 yen of the Target Company Shares on the Tokyo Stock Exchange Prime Market on October 28, 2024, a 38.65% premium over the simple average closing price of 1,731 yen for the most recent one-month period, a 37.38% premium over the simple average closing price of 1,747 yen for the most recent three-month period, and a 28.55% premium over the simple average closing price of 1,867 yen for the most recent six-month period.

- Considering the 20 most recent past cases of premiums for a parent company's conversion of a listed subsidiary into a wholly-owned entity that were announced and completed in the two-year period from November 2022 to October 2024 and that are considered to not include significant short-term economic downturn due to the spread of COVID-19 (average premium level of 38.29% over the business day preceding the announcement, 41.43% over the past one-month, 39.57% over the past three months, and 39.14% over the past six months; median premium level of 36.02% over the business day preceding the announcement date, 38.83% over the past month, 38.92% over the past three months, and 36.96% over the past six months), the Tender Offer Price is considered in relation to the premium level of 28.55% over the simple average closing price for the most recent six-month period is lower than the premium level in past cases similar to this transaction (approximately 40%). However, in the past cases, there have been six instances with a premium level lower than 28.55%, and the premium of 41.43% over the closing price of the business day preceding the announcement date exceeds the premium level in past cases (approximately 40%), while the premiums of 38.65% and 37.38% over the simple average closing prices for the most recent one-month and three-month periods, respectively, are deemed to be comparable to the premium levels in past cases (both approximately 40%).

c. Content of discussions and negotiations with the Tender Offeror

- The Target Company established the Special Committee upon deciding not to support the Transaction if the Special Committee determines that the terms and conditions of the Transaction are not reasonable. The Target Company and the Special Committee have held multiple discussions and negotiations with the Tender Offeror concerning the Tender Offer Price in accordance with the negotiation policy approved in advance by the Special Committee and from the point of view of protecting the interests of minority shareholders.

- Measures were taken to prevent the involvement of directors who could be suspected of having an interest in the Tender Offeror in the deliberation of the agenda concerning the Transaction, the consideration of the Transaction from the perspective of the Target Company, and the discussion and negotiation with the Tender Offeror concerning the Transaction.

- In light of the above, it can be concluded that in the negotiation process between the Target Company and the Tender Offeror regarding the terms and conditions of the Transaction, circumstances that could be regarded as an arm's length transaction were ensured.

- The Target Company and the Special Committee conducted price negotiations through Daiwa Securities in accordance with the policy approved by the Special Committee successfully achieving three price increases, and ultimately succeeded in raising the total amount from the Tender Offeror's initial proposal (2,100 yen per share) by 300 yen (the difference between the Tender Offer Price of 2,400 yen and the initial proposal).

d. Other appropriateness of the scheme, terms and conditions of the Transaction

- The Transaction is a scheme to make the Target Company a wholly-owned subsidiary through a tender offer with cash consideration and subsequent Squeeze-out. While an alternative scheme allowing minority shareholders of the Target Company to enjoy post-merger synergies using methods such as a share exchange method in which shares of the Tender Offeror are used as consideration is also possible; however, due to the difference in corporate scale between the Tender Offeror and the Target Company, it is difficult to say that the shareholders of the Target Company will be able to benefit from the future synergies of the Target Company's business by remaining shareholders of the Tender Offeror after the Transaction is implemented.

- In addition, since the scheme for the Transaction is commonly used as a method of making the Target Company a wholly-owned subsidiary and, furthermore, the Tender Offer Price can be assessed as a reasonable amount as described above, it cannot be concluded that the adoption of the scheme for the Transaction itself is unreasonable.

- Next, in the Squeeze-out Procedures, cash will ultimately be delivered to the Shareholders of the Target Company who did not tender their shares in the Tender Offer. The amount of money to be delivered in these procedures will be calculated to equal as the Tender Offer Price multiplied by the number of shares of the Target Company held by such shareholders, and this amount of money can be evaluated as a reasonable amount based on the same principle as the Tender Offer Price.

- No other particularly unreasonable details were found regarding the scheme and the terms and conditions of the Transaction.

4. The Transaction (including the decision by the Target Company's Board of Directors regarding the Transaction) is considered not to be disadvantageous to the minority shareholders of the Target Company.

Based on 1. through 3. above, the Transaction is considered not to be disadvantageous to the minority shareholders of the Target Company.

5. Whether or not the Target Company's Board of Directors should express an opinion in favor of the Tender Offer and make a resolution to recommend that the Target Company's shareholders tender their shares in the Tender Offer.

Based on 1. through 4. above, it is considered appropriate for the Target Company's Board of Directors to express an opinion in favor of the Tender Offer and to express an opinion in favor of the Tender Offer and to recommend that the Shareholders of the Target Company tender their shares in the Tender Offer, which is not considered disadvantageous to the minority shareholders of the Target Company.

(iv) Advice Obtained by the Target Company from an Independent Law Firm

As stated in "(2) The Decision-Making Process and Its Reasons at the Target Company" under "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer," of the "1. Purpose of the Tender Offer, etc.," the Target Company appointed Anderson Mori & Tomotsune as its independent legal advisor, separate from the Tender Offeror and the Target Company Group. The Target Company received legal advice regarding measures necessary to ensure the fairness of procedures in the Transaction, the various procedures involved in the Transaction, and the approach and considerations for the decision-making process and other points to keep in mind when making decisions related to the Transaction.

Moreover, the Special Committee confirmed that there are no issues regarding the independence, expertise, and accomplishments or other matters of Anderson Mori & Tomotsune, and approved their appointment.

Anderson Mori & Tomotsune is not a related party of the Tender Offeror, or the Target Company Group and it does not have any significant interest in relation to the Transaction, including the Tender Offer.

Fees paid to Anderson Mori & Tomotsune are calculated by multiplying the operating hours by hourly rate, which are paid regardless of the completion of the Transaction, and do not include contingent fees, which are paid subject to the completion of the Transaction.

(v) Establishment of an Independent Evaluation Framework at the Target Company

As stated in "(2) The Decision-Making Process and Its Reasons at the Target Company" under "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer," of the "1. Purpose of the Tender Offer, etc.," the Target Company established an internal system within the company to conduct examinations, negotiations, and determinations related to the Transaction, independent of the Tender Offeror. Specifically, from July 18, 2024, the Target Company established upon consideration a project team to deliberate on the Transaction (including the preparation of a business plan that serves as the basis for the valuation of the Target Company's shares) and to engage in discussions and negotiations with the Tender Offeror. The members of this team include eight executives and employees of the Target Company, including two members of the Board who do not concurrently serve as executives and employees of companies in the Tender Offeror Group (excluding the Target Company Group), and who have never held positions as executives and employees of such companies in the past, and this treatment is ongoing. In addition, the Chief Executive Officer and Chairman of the Board of the Target Company, Akira Yokode, previously worked for the Tender Offeror (having transferred from the Tender Offeror to the Target Company in July 2018), has essential and irreplaceable knowledge and experience for evaluating and negotiating the Transaction as President and Representative Director of the Target Company, aimed at enhancing its corporate value, his transfer to the Target Company in July 2018 occurred without any consideration of the Transaction during his time with the Tender Offeror, and he has neither entered into any agreements with the Tender Offeror nor has any command or supervisory relationship with them. In light of these circumstances, Mr. Yokode was involved in the deliberations, negotiations, and decisions on the Transaction. The approval of the Special Committee was obtained with respect to the fact that there are no problems from the perspective of independence and fairness with the system for deliberation of the Target Company (including the scope and duties of the executives and employees of the Target Company involved in deliberations, negotiations, and decisions on the Transaction), including such treatment.

(vi) Approval of All Disinterested Directors at the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members that They Had No Objection

The Target Company carefully discussed and deliberated on whether the Transaction conducted by the Tender Offeror, including the Tender Offer, would contribute to the improvement of the corporate value of the Target Company and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate based on (a) legal advice received from Anderson Mori & Tomotsune, (b) financial advice from Daiwa Securities, (c) the Report obtained from the Special Committee, (d) the content of the continuous discussions held with the Tender Offeror, and other related material. As a result, as described in "(2) The Decision-Making Process and Its Reasons at the Target Company" under "(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer," of the "1. Purpose of the Tender Offer, etc.," at the Target Company's board of directors meeting held today, the Target Company resolved to express its opinion in support of the Tender Offer, stating that the Transaction would yield synergies in the areas of "a. Expansion of business scale through strengthening of domestic customer base," "b. Development of global business," "c. Expansion of business fields into new markets," and "d. Enhancing of the Target Company Group's comprehensive capabilities and provision of high added value through increased personnel exchanges," and that dis-synergies are limited, and thus the Transaction contributes to the improvement of the corporate value of the Target Company, and that the purpose of the Transaction is reasonable. It also concluded that the fairness and appropriateness of the terms and conditions of the Transaction (including the Tender Offer Price) are recognized based on the fact that the price exceeds the upper limit of the calculation result using the market price method and the comparable company comparison method, and is within the range of the calculation result using the DCF method, in the calculation result of the share price valuation of the Target Company Shares by Daiwa Securities, and that measures to ensure the fairness of the Tender Offer have been taken, among other reasons, and therefore resolved to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

In consideration of the fact that the Target Company is a subsidiary of the Tender Offeror and that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, and in order to eliminate the possibility of the deliberation and resolution at the Target Company's board of directors meeting being affected by such issues, the above resolutions were passed with unanimous approval at the Target Company's board of directors meeting mentioned above after deliberations among five directors, excluding the four directors, Director Yosuke Komatsu, who is also an employee of the Tender Offeror; Director Koichi Okoshi and Director Naohito Tsuji, who are seconded from the Tender Offeror; as well as Director Tatsumi Maeda, an outside director of TOMEN DEVICES, a subsidiary of the Tender Offeror. In the deliberations and resolutions at the Target Company's board of directors meeting, the Chief Executive Officer and Chairman of the Board of the Target Company, Akira Yokode, previously worked for the Tender Offeror (having transferred from the Tender Offeror to the Target Company in July 2018), has essential and irreplaceable knowledge and experience for evaluating and negotiating the Transaction as President of the Target Company, aimed at enhancing its corporate value, his transfer to the Target Company in July 2018 occurred without any consideration of the Transaction during his time with the Tender Offeror, and he has neither entered into any agreements with the Tender Offeror nor has any command or supervisory relationship with them. In light of these circumstances, Mr. Yokode participated in the Target Company's evaluation, discussions, and negotiations with the Tender Offeror from the perspective of the Target Company's interests. Furthermore, the Target Company's internal framework for examining this Transaction (including the scope of officers involved in its deliberations, negotiations, and decisions on the Transaction) was established based on advice from its legal advisor, Anderson Mori & Tomotsune, and received the Special Committee's approval, which confirms that there are no issues regarding independence and fairness. In addition, all three audit and supervisory board members, excluding Auditor Hiroshi Ito, who is an auditor at NEXTY Electronics, a wholly-owned subsidiary of the Tender Offeror, attended the board of directors meeting mentioned above, and all the audit and supervisory board members who attended the meeting expressed the opinion that they have no objection to the above resolutions.

Further, in consideration of the fact that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, in order to eliminate the possibility of being affected by such issues, four directors from the Target Company, Director Koichi Okoshi, Director Naohito Tsuji, Director Yosuke Komatsu, and Director Tatsumi Maeda and Auditor Hiroshi Ito from the Target Company did not participate in deliberations and resolutions at the board of directors meetings on the Transaction including the board of directors meeting mentioned above, and did not participate in discussions and negotiations on the Transaction from the position of the Target Company.

(vii) Nonexistence of deal protection clauses

The Target Company and the Tender Offeror have not agreed to any transaction protection clause that prohibits the Target Company from contacting counter-takeover proposers or made any other agreement on any matter that would restrict counter-takeover proposers from contacting the Target Company, and have been mindful of ensuring fairness in the Tender Offer by not preventing any opportunity for a competing offer.

(viii) Measures for securing opportunities for the shareholders of the Target Company to decide whether or not to Tender Their Shares in the Tender Offer

As stated in "(4) Policies for Reorganization after the Completion of the Tender Offer (Matters Concerning the So-Called "Two-Step Acquisition")" of "1. Purpose of the Tender Offer" above, the Tender Offeror clarifies that (i) they plan to request, promptly after settlement of the Tender Offer is completed, that the Target Company approve the Demand for Sale of Shares, or that the Target Company hold a Special Shareholders' Meeting with agenda items that include implementation of the reverse share split and a partial amendment of the articles of incorporation to abolish the provisions on numbers of shares per unit subject to effectuation of the reverse share split, depending on the number of shares to be obtained through the Tender Offeror due to completion of the Tender Offer, and not adopt any method that does not secure the right to request purchase of shares or the right to request a determination of price of shares of the Target Company's shareholders; and (ii) when the Demand for Sale of Shares or the reverse share split is conducted, the amount of money to be delivered to the relevant Target Company's shareholders in exchange will be calculated so that it will be the same price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each of the shareholders (excluding the

Target Company and the Tender Offerors); therefore, the Tender Offeror secures opportunities for the Target Company's shareholders to appropriately decide whether or not to tender their shares in the Tender Offer, and thereby gives consideration not to put strong pressure on the shareholders to do so.

In addition, while the minimum purchase period in a tender offer set forth in relevant laws and regulations is 20 business days, the tender offeror has set the Tender Offer Period as 30 business days, which is comparatively long in light of the minimum period set forth in relevant laws and regulations.

3 Relationship with the Valuation Firm

Nomura Securities, the tender offeror's financial advisor and Third-Party Accounting Authority, is not a related party of the tender offeror and the Target Company, and does not have any significant interest in relation to the Tender Offer.

(5) Number of Shares Scheduled to Be Purchased

Number of Shares to Be Purchased	Lower Limit of Shares to Be Purchased	Upper Limit of Shares to Be Purchased
16,940,333 shares	3,291,600 shares	―shares

(Note 1) If the total number of Tendered Share Certificates, etc. is below the lower limit of shares to be purchased (3,291,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, etc.. If the total number of Tendered Share Certificates, etc. is or exceeds the lower limit of shares to be purchased, the Tender Offeror will purchase all the Tendered Share Certificates, etc..

(Note 2) Since no upper limit of shares to be purchased is set for the Tender Offer, the upper limit of Target Company Shares that can be acquired by the Tender Offeror through the Tender Offer is indicated as the number of shares to be purchased. The upper limitis 16,940,333 shares, which is calculated by subtracting from the total number of shares issued as of September 30, 2024 as stated in the Target Company's Financial Results (42,304,946 shares), the number of treasury shares held by the Target Company as of the same date as stated in the Target Company's Financial Results (1,358,813 shares) and the number of Target Company Shares held by the Tender Offeror as of today (24,005,800 shares).

(Note 3) Shares of less than one unit are also subject to the Tender Offer. If shareholders exercise their right to request that the Target Company repurchase its shares of less than one unit in accordance with the Companies Act, the Target Company may purchase such treasury shares during the Tender Offer Period.

(Note 4) The treasury shares held by the Target Company will not be purchased through the Tender Offer.

(6) Changes in the Ownership Percentage of Shares as a Result of the Purchase

Number of Voting Rights Pertaining to Shares Owned by Tender Offeror Before the Purchase	240,058 voting rights	(Ownership Percentage of Shares Before the Purchase 58.63%)
Number of Voting Rights Pertaining to Shares Owned by	0 voting rights	(Ownership Percentage of Shares Before the Purchase 0.00%)

Special Related Parties Before the Purchase		
Number of Voting Rights Pertaining to Shares Owned by the Tender Offeror After the Purchase	409,461 voting rights	(Ownership Percentage of Shares After the Purchase 100.00%)
Number of Voting Rights Pertaining to Shares Owned by Special Related Parties After the Purchase	0 voting rights	(Ownership Percentage of Shares After the Purchase 0.00%)
Number of Voting Rights of All Target Company Shareholders	409,213 voting rights	

(Note 1) The "Number of Voting Rights Pertaining to Shares Owned by Special Related Parties Before the Purchase" indicates the total number of voting rights pertaining to shares owned by each of Special Related Parties (excluding those who are excluded from Special Related Parties in the calculations of the ownership percentage of shares under each items of Article 27-2, paragraph 1 of the Act, pursuant to Article 3, paragraph 2, item 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuer (Ministry of Finance Order No. 38 of 1990, as amended; the "Cabinet Office Ordinance"). Shares Owned by Special Related Parties (however, this excludes treasury shares owned by the Target Company) are also subject to the Tender Offer, therefore the "Number of Voting Rights Pertaining to Shares Owned by Special Related Parties After the Purchase" indicates nil. The tender offeror plans to verify Target Company shares owned by Special Related Parties after today, and disclose the details of revisions if any are required.

(Note 2) "Number of Voting Rights of All Target Company's Shareholders" is the number of voting rights of all shareholders (one unit of shares is stated to consist of 100 shares) as of March 31, 2024, as stated in the Target Company's Securities Report. However, since shares in quantities of less than one unit are subject to the Tender Offer, for the purpose of calculating the "Ownership Percentage of Shares Before the Purchase" and "Ownership Percentage of Shares After the Purchase," the number of voting rights (409,461 voting rights) pertaining to the number of shares (40,946,133 shares) obtained by deducting (a) from (b) was used as the denominator, wherein (a) is the number of treasury shares owned by the Target Company as of September 30, 2024 as stated in the Target Company's Financial Results (1,358,813 shares), and (b) is the total number of issued shares of the Target Company as of the same date, as stated in the Target Company's Financial Results (42,304,946).

(Note 3) With regard to the "Ownership Percentage of Shares Before the Purchase" and the "Ownership Percentage of Shares After the Purchase," any fraction is rounded off to two decimal places.

(7) Purchase price 40,656,799,200 yen

(Note) The purchase price is the amount calculated by multiplying the number of shares to be purchased in the Tender Offer (16,940,333) by the Tender Offer Price (2,400 yen).

(8) Method of Settlement

1. Name and Location of the Head Office of the Financial Instruments Business Operator, Bank, etc., That Settles the Purchase

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

2. Commencement Date of Settlement

December 18, 2024 (Wednesday)

3. Method of Settlement

After the expiration of the Tender Offer Period, a notice of purchase through the Tender Offer is mailed to the address of any person who accepts an offer to purchase or offers to sell shares related to the Tender Offer ("Shareholders Applicant") (or the standing proxy in the case of shareholders who are residents of foreign countries and do not have active accounts with the Tender Offer Agent (including corporate shareholders)) without delay.

The purchase is made for cash. After the commencement date of settlement, the Shareholders Applicants may receive the purchase price for the Tender Offer without delay in a manner that they designate, such as remittance. (Remittance fees may be charged.)

4. Method of Return of Shares

If it is decided that none of the Tendered Share Certificates, etc. are purchased pursuant to the conditions stated in "(i) Conditions Set Forth in Each Item of Article 27-13, paragraph 4 of the Act and Details Thereof" and "(ii) Conditions of Withdrawal, etc. of Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, etc." in "(9). Other Conditions and Procedures of the Tender Offer" below, the shares to be returned are returned promptly after two business days following the last day of the Tender Offer Period (where the Tender Offer has been withdrawn, the business day immediately following the day when the withdrawal was made) by restoring such shares to the state immediately before the tender application on the Shareholders Applicants' accounts at the Tender Offer Agent. (If a Shareholders Applicant wishes to transfer shares to the account of the Shareholders Applicant held at any other financial instruments business operator, etc., please contact the head office or a branch office of the Tender Offer Agent that accepted the tender application.)

(9) Other Conditions and Procedures of the Tender Offer

1. Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and Details Thereof

If the total number of Tendered Share Certificates, etc. is below the lower limit of shares to be purchased (3,291,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, etc.. If the total number of Tendered Share Certificates, etc. is or exceeds the lower limit of shares to be purchased (3,291,600 shares), the Tender Offeror will purchase all the Tendered Share Certificates, etc..

2. Conditions of Withdrawal, etc. of Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, etc.

If any event listed in Article 14, paragraph 1 items 1(a) through (j) and items 1(m) through 1(t), items 3(a) through 3(h) and item 3(j) and Article 14, paragraph 2, items 3 through 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of September 30, 1965. Including revisions afterwards; hereinafter the "Order") occurs, the Tender Offer may be withdrawn. Further, the Tender Offer may be withdrawn if the following conditions are met: (a) the body that decides business executions of the Target Company decides to pay surplus-dividends (excluding those in which the amount of money or other assets to be delivered to shareholders is expected to be less than an amount equivalent to 10% of the book value of the net assets on the balance sheet of the Target Company as of the end of its most recent fiscal year (5,128.5 million yen [Note]).) recorded on the starting date of settlement of the Tender Offer, and the outflow of corporate assets from the Target Company becomes a major hindrance to achieving the purpose of the Tender Offer; and (b) the body that decides business executions of the Target Company decides to acquire treasury shares (excluding those in which amount of money and other assets to be delivered in exchange for the acquisition of shares is expected to be less than the amount equivalent to 10% (5,128.5 million yen) of the book value of the net assets on the balance sheet of the Target Company as of the end of its most recent fiscal year), as situations that fall under "facts equivalent to those set forth in (a) to (s)" established in Article 14 paragraph 1 item 1(t) of the Order. In the Tender Offer, The “facts equivalent to those set forth in (a) to (i)” set forth in Article 14, paragraph 1, item 3(j) of the Order mean (i) cases where statutory disclosure documents submitted by the Target Company in the past turn out to contain false statements regarding material matters or to omit statements regarding material matters to be stated, under which the Tender Offeror did not know that the statements were false or omitted and, in the exercise of reasonable care, could not have known them, and (ii) cases where facts set forth in (a) through (g) of the same item occur in any of the Target Company’s material subsidiaries.

In order to withdraw the Tender Offer, the Tender Offeror will issue an electronic public notice and post the notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue an electronic public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Cabinet Office Ordinance and subsequently issue a public notice as soon as possible.

(Note) If there are no changes in the total number of issued shares and treasury shares, then the per-share dividend is equivalent to 126 yen (Specifically, it was obtained by dividing the equivalent of 10% of net assets 5,128.5 million yen as stated in the Target Company's Securities Report submitted on March 31, 2024 51,285 million yen by number of shares 40,946,133, which is obtained by subtracting the number of treasury shares held by the Target Company as of the same date as stated in the Target Company’s Financial Results 1,358,813 shares from total number of shares issued as of September 30, 2024 as stated in the Target Company’ Financial Results 42,304,946 shares, and then rounding up the decimal of less than 1 yen to a round number).

3. Conditions to Reduce Purchase Price, Details Thereof and Method of Disclosure of Reduction

In accordance with Article 27-6, paragraph 1, item 1 of the Act, if the Target Company conducts any act listed in Article 13, paragraph 1 of the Order during the Tender Offer Period, the purchase price may be reduced pursuant to the standards set forth in Article 19, paragraph 1 of the Cabinet Office Ordinance. In order to reduce the purchase price, the Tender Offeror will issue electronic public notices and post the notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue an electronic public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Cabinet Office Ordinance and subsequently issue a public notice as soon as possible. If the purchase price is reduced, Tender Stock Certificate that were tendered on or before the date of the public notice are also purchased at the reduced purchase price.

4. Matters Concerning Shareholders Applicant’ Rights to Cancel Their Agreements

The Shareholders Applicant may cancel a contract related to the Tender Offer at any time during the Tender Offer Period. When canceling the contract, please deliver or send a document indicating the intention of canceling the contract regarding the Tender Offer (the “Termination Letter”) to the head office or the domestic branch of the person designated below where your tender was accepted no later than 3:30 PM on the last day of the Tender Offer Period. However, if sending the Termination Letter, the document must arrive by 3:30 PM on the last day of the Tender Offer Period.
When canceling a contract regarding your tender made through the online service, please cancel the contract via the online service (https://hometrade.nomura.co.jp/), or by delivering or sending the Termination Letter. If canceling the contract via the online service, please follow the instructions provided on the online service screen, and complete cancellation procedures no later than 3:30 PM on the last day of the Tender Offer Period. Any contract regarding your tender made at a transaction branch cannot be cancelled via the online service. When delivering or sending the Termination Letter, please first request a Termination Letter form from your transaction branch and then deliver or send the Termination Letter to the same transaction branch no later than 3:30 PM on the last day of the Tender Offer Period. However, if sending the Termination Letter, the document must arrive by 3:30 PM on the last day of the Tender Offer Period.

Party authorized to receive the Termination Letter
Nomura Securities Co., Ltd. 1-13-1, Nihonbashi, Chuo-ku, Tokyo
Other domestic branches of Nomura Securities Co., Ltd.)

The Tender Offeror will not make any claim for damages or a penalty payment to the Shareholders Applicant due to the cancellation of their contracts. In addition, the Tender Offeror will bear the cost of returning the Tendered Share Certificates, etc. to the Shareholders Applicant. If a Shareholders Applicant applies for cancellation, the Tendered Share Certificates, etc. shall be returned promptly after the completion of procedures related to the application for cancellation in accordance with the method stated in “(iv) Method of Return of Shares” of “(8) Method of Settlement” above.

5. Method of Disclosure in Case of Change in the Purchase Terms of the Tender Offer

The Tender Offeror may, during the Tender Offer Period, change the purchase terms, except in cases where it is prohibited by Article 27-6, paragraph 1 of the Act or Article 13, paragraph 2 of the Order. If the Tender Offeror wishes to change the purchase terms, it will issue an electronic public notice regarding the details of the change and post the notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue an electronic public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Cabinet Office Ordinance and subsequently issue a public notice as soon as possible. If the purchase terms have been changed, Tendered Share Certificates, etc. that were tendered on or before the date of the public notice are also purchased based on the changed purchase terms.

6. Method of Disclosure in Case of Filing of Correction Notification Form

If the Tender Offeror files a correction notification form with the Director-General, Kanto Local Finance Bureau (excluding the cases set forth in the proviso to Article 27-8, paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement on the details relating to those described in the public notice of the commencement of the Tender Offer among other things in the correction notification form, by the method stipulated in Article 20 of the Cabinet Office Ordinance. The Tender Offeror will also immediately amend the Tender Offer Statement and deliver the amended Tender Offer Statement to the shareholders applicant to whom the Tender Offer Statement has already been delivered. However, if the scope of the amendment is limited to a small range, the amendment may be made by preparing a document stating the reason for amendment and the subject matters before and after the amendment, and delivering the document to the shareholders applicant.

7. Method of Disclosure of Results of Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period using the method stipulated in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

8. Other Information

The Tender Offer is not conducted in the United States or for the United States, either directly or indirectly, and is not conducted by means of U.S. mail or other interstate or international commerce methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail, and Internet communications), and moreover, it is not conducted through any securities exchange facility in the United States. The Tender Offer may not be subscribed through any of the aforementioned methods or means, or through the aforementioned facilities, or from the United States. Furthermore, the Tender Offer Notification and other offer-related documents are not sent to or distributed and may not be sent to or distributed in the United States, or sent from the United States by means of mail or any other method. Any tender for the Tender Offer that directly or indirectly violates the aforementioned restrictions will not be accepted.

Shareholders Applicants (standing proxies in the case of Foreign Shareholders, etc.) are requested to make the following representations and warranties to the Tender Offer Agent when tendering shares in the Tender Offer: Shareholders Applicants: (i) are not in the United States at the time of tender and submission of the tender offer subscription form; (ii) have not received or sent any information regarding the Tender Offer (including any copies), directly or indirectly, in the United States, to the United States, or from the United States; (iii) have not used, directly or indirectly, any U.S. mail, other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail, and Internet communications), and securities exchange facilities in the United States, when signing and delivering any offer or tender offer subscription forms; and (iv) do not act as any other party’s agent, trustee, or appointee without discretion (except when such other party gives all instructions regarding the offer from outside the United States).

(10) Date of Public Notice of Commencement of the Tender Offer

October 30, 2024 (Wednesday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

3. Policies after the Tender Offer and Future Outlook

Please see, “(4) Policies for Reorganization after the Completion of the Tender Offer (Matters Concerning the So-Called “Two-Step Acquisition”)” and “(5) The Possibility of Delisting and Reasons Thereof” in “(2) Background, Purpose and Decision-making Process Leading to the Implementation of the Tender Offer and Management Policy After the Tender Offer" of "1. Purpose of the Tender Offer, etc." above.

4. Other Information

(1) Whether There Is Any Agreement between the Tender Offeror and the Target Company or Its Directors; Details Thereof If Applicable

1. Support for the Tender Offer

According to the Target Company Press Release, at the Target Company's board of directors meeting held today, it made a resolution declaring the Target Company's opinion supporting the Tender Offer, and to recommend to its shareholders that they tender their shares in the Tender Offer. For details, please refer to the Target Company Press Release and "iv. Approval of all directors without conflicts of interest and opinion of non-objection of all audit and supervisory board members without conflicts of interest of the Target Company" under" (Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" below.

2. Background, Purpose, and Decision-making Process Leading to Conduct the Tender Offer, and Management Policy Following the Tender Offer

Please refer to "(2) Background, Purpose, and Decision-making Process Leading to Conduct the Tender Offer, and Management Policy Following the Tender Offer" in "1. Purpose of the Tender Offer, etc." above.

3. Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

Please refer to "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" in "(ii) Background of Valuation" in "(4) Basis for Valuation of the Tender Offer Price" in "2. Outline of the Tender Offer" above.

(2) Other Information Deemed Necessary for Investors to Determine Whether to Tender Their Shares in the Tender Offer

1. Announcement of the "Summary of the Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending March 2025 [IFRS] (Consolidated)

The Target Company announced their Target Company's Financial Results today. The profit and loss situation of the Target Company for the quarter based on the said announcement is as follows. According to the Target Company, the content thereof has not undergone interim review by an auditing firm pursuant to Article 193-2, paragraph (1) of the Act. In addition, the outline of the announcement below is a partial extract of the content announced by the Target Company, and the Tender Offeror is not in a position to independently verify the accuracy and truth thereof and has not actually conducted such verification. For details, please see the content of the announcement.

(i) Profit and Loss (consolidated)

Fiscal Year	The Second Quarter of the Fiscal Year Ending March 31, 2025
Revenue	98,360 million yen
Operating profit	4,996 million yen

Interim profit before tax	4,433 million yen
Interim profit	3,068 million yen
Interim net profit attributable to Target Company's shareholders	3,068 million yen

(ii) Per Share (consolidated)

Fiscal Year	The Second Quarter of the Fiscal Year Ending March 31, 2025
Basic interim earnings per share	74.93 yen
Diluted interim earnings per share	74.93 yen

2. Announcement of "Notice Regarding Revision of Dividend Forecast of the Fiscal Year Ending March 31, 2025 (No Dividend)"

According to the "Announcement concerning Notice Regarding Revision of Dividend Forecast of the Fiscal Year Ending March 31, 2025 (No Dividend)" announced today, at the board of directors meeting held today, the Target Company revised the dividend forecast for the fiscal year ending March 31, 2025 announced on July 29, 2024 and made a resolution not to make a year-end dividend for the same period, subject to completion of the Tender Offer. For details, please see the content of the announcement by the Target Company.

press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.