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To whom it may concern

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**Notice Concerning Commencement of Tender Offer for Shares of TECHNO ASSOCIE Co., Ltd.  
(Securities Code: 8249)**

At a board of directors meeting held today, Sumitomo Electric Industries, Ltd. (the “Tender Offeror”) decided to acquire common stock (the “Target Company Stock”) of TECHNO ASSOCIE Co., Ltd. (Securities code: 8249, Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) Standard Market, the “Target Company”) by way of tender offer (the “Tender Offer”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the “Act”) as follows.

1. Purpose of the Purchase

(1) Overview of the Tender Offer

As of today, the Tender Offeror owns a total of 9,495,226 shares (ownership ratio (Note): 50.91%) of the Target Company Stock that is listed on the Standard Market of the Tokyo Stock Exchange, which is the total of the 9,494,226 shares (ownership ratio: 0.01%) it directly owns and the 1,000 shares (ownership ratio: 50.92%) it indirectly owns through the Tender Offeror’s subsidiary Sumitomo Electric Industrial Wire & Cable Inc. (“SEIWC”), making the Target Company a consolidated subsidiary. The Tender Offeror resolved at its board of directors meeting held today to implement the Tender Offer for all of the Target Company Stock (excluding the Target Company Stock owned by the Tender Offeror and the treasury shares directly owned by the Target Company) as part of a transaction aimed at making the Target Company a wholly owned subsidiary of the Tender Offeror (the “Transaction”).

(Note) The “ownership ratio” means the ratio accounted of the number of shares (18,648,410 shares) obtained by deducting the (i) number of treasury shares owned by the Target Company (1,387,990 shares) on September 30, 2022 listed in the “Second Quarterly Report for the 94th Fiscal Year” (the “Target Company Quarterly Report”) submitted by the Target Company on November 10, 2022 as listed in the Consolidated Financial Report (Japanese Standards) for the Nine Months Ended December 31, 2022 published by the Target Company on January 31, 2023 (the “Target Company Financial Report”) from (ii) the total number of issued shares of the Target Company (20,036,400 shares) as of that date stated in the Target Company Financial Report (rounded off to two decimal places; the same applies to the calculation of the ownership ratio hereinafter, unless other handling is provided for).

The Tender Offeror has set 2,938,074 shares (ownership ratio: 15.76%) as the minimum number of shares to be purchased under the Tender Offer, and if the total number of shares tendered for sale (the “Tendered Shares”) in response to the Tender Offer fails to meet the minimum number of shares to be purchased, the Tender Offeror will not carry out the purchase of all of the Tendered Shares. Meanwhile, as mentioned above, the Tender Offeror plans to acquire all of the Target Company Stock (excluding the Target Company Stock owned directly by the Tender Offeror, and any treasury shares owned by the Target Company). Given this, it has not set a maximum number of shares to be purchased, and provided that the total number of Tendered Shares is at least the minimum number of shares to be purchased, the Tender Offeror will carry out the purchase of all of the Tendered Shares.

The minimum number of shares planned to be purchased has been set so that the total number of voting rights of the Target Company owned by the Tender Offeror if the Tender Offer is successfully completed will be at least two-thirds of the total number of the Target Company’s

voting rights (186,484 voting rights, which is the number of voting rights pertaining to the number of shares (18,648,410 shares) obtained by deducting the number of treasury shares owned by the Target Company as of September 30, 2022 set forth in the Target Company Quarterly Report (1,387,990 shares) from the total number of issued shares of the Target Company as of that date set forth in the Target Company Financial Report (20,036,400 shares).

Because the purpose of the Tender Offeror is to make the Target Company its wholly owned subsidiary, if the Tender Offeror was not able to acquire all of the Target Company Stock in the Tender Offer (excluding the Target Company Stock directly owned by the Tender Offeror and treasury shares owned by the Target Company), it plans to acquire all of the Target Company Stock (excluding the Target Company Stock directly owned by the Tender Offeror and treasury shares owned by the Target Company) by implementing a series of procedures (the “Squeeze-out Procedures”) to make the Tender Offeror the only shareholder of the Target Company that are stated below in section “(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase).” Although the Target Company Stock is listed on the Standard Market of the Tokyo Stock Exchange as of today as set forth below in section “(5) Prospect of Delisting and Reasons Therefor,” it is possible that they will be delisted through certain procedures depending on the results of the Tender Offer, and if each procedure set forth below in section “(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)” will be implemented after the successful completion of the Tender Offer, they will be delisted through the prescribed procedures.

In addition, according to the “Announcement of Opinion in Support of the Tender Offer for the Common Stock by Controlling Shareholder Sumitomo Electric Industries, Ltd. and Recommendation to Tender Shares” published by the Target Company today (the “Target Company Press Release”), the Target Company has resolved at its board of directors meeting held today to express its opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender in the Tender Offer.

For the details of the resolution at the aforementioned board of directors meeting of the Target Company, please see the Target Company Press Release and the following section “(vi) Approval of Directors of the Target Company Without Interest and Opinion of All Audit & Supervisory Board Members of the Target Company Without Interest That They Have No Objections” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in ② “Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase”

(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer

(i) Background to the Tender Offer

The Tender Offeror was founded as Sumitomo Copper Rolling Works in April 1897 to handle the manufacture of copper wire, etc. for Sumitomo Head Office, and in August 1911 it was separated from Sumitomo Copper Rolling Works as Sumitomo Electric Wire and Cable Works to engage in the wire manufacturing business. In December 1920 Sumitomo Electric Wire and Cable Works was reorganized as Sumitomo Electric Wire & Cable Works Ltd. to take over the wire manufacturing business, when it was incorporated after being separated from Sumitomo General Head Office. Afterwards, it changed its trade name to Sumitomo Electric Industries, Ltd. in November 1939. It listed its shares on the First Section of the Tokyo Stock Exchange, the First Section of Osaka Securities Exchange Co., Ltd. (the “Osaka Securities Exchange”), and the First Section of Nagoya Stock Exchange Co., Ltd. (the “Nagoya Stock Exchange”) in May 1949, and on the Main Board of the Fukuoka Stock Exchange (the “Fukuoka Stock Exchange”) in June 1949. After the transition to new market segments at the Tokyo Stock Exchange on April 4, 2022, currently it is listed on the Prime Market of the Tokyo Stock Exchange, the Premier Market of the Nagoya Stock Exchange, and the Main Board of the Fukuoka Stock Exchange. The Tender Offeror’s unchanging basic policy is to conduct fair business activities based on high corporate ethics pursuant to the “Sumitomo Spirit” and the “Sumitomo Electric Group Corporate Principles,” and from its founding until the present time, it has created new products and new technologies and

expanded its business domains through research and development based on wire and cable manufacturing technologies and taking on new businesses.

As of today, the Tender Offeror Group (meaning the Tender Offeror and its consolidated subsidiaries and equity-method affiliates; the same applies hereinafter) comprises the Tender Offeror, its 383 consolidated subsidiaries including the Target Company, and its 32 equity-method affiliates. It has expanded its product development, manufacturing, sales, services, and other business activities across the five categories of “automotive business,” “info-communication business,” “electronics business,” “environment & energy business,” and “industrial material business”

Against the backdrop of the global trend toward decarbonization and carbon neutrality and developments in information and communications technology, the market environment surrounding the Tender Offeror Group is changing rapidly from the energy domain to the information and communication domain and mobility domain. In the future, along with the further acceleration of those environmental changes, it is thought that the opacity of the business environment will increase further, for example in the requirement of a response to difficult-to-predict risks such as the prolongation of the situation in Ukraine and the risk of coronavirus infection, rising energy and raw materials prices, and confusion in logistics and supply chains. In order realize steady growth in such a business environment, the Tender Offeror has repeatedly made various studies directed at improving the medium to long-term corporate value of the overall Tender Offeror Group, including of the proper state of group management. As a result, in May 2022, it formulated the “Sumitomo Electric Group 2030 Vision” (the “Long-Term Vision”) as a long-term vision for 2030 that provides a clear direction for the Tender Offeror Group. The Long-Term Vision defines the purpose of the Tender Offeror Group as being “to contribute to building a better society by pursuing Top Technology and innovation on a global scale, using the integrated capabilities of Sumitomo Electric Group.” In terms of business domains, it will focus on three key areas: the “energy area” that is expected to see mass deployment of renewable energy systems and the mass deployment of distributed power sources (Note 1), the “info-communications area” that is expected to see progress in high-speed, large-capacity communications with the attendant need to reduce power consumption, and the “mobility area” that is expected to see progress in electronic control and the emergence of new mobility, as well as the expansion of linkage of automobiles with external services. In response to social changes such as GX (Note 2), DX (Note 3), and CASE (Note 4), the Tender Offeror Group will utilize its technological expertise to put forward policies that will respond to market needs using the integrated capabilities of the Group.

(Note 1) This refers to a system to provide electricity by distributing and placing comparatively small-scale generators close to consuming areas.

(Note 2) This stands for “green transformation,” and it refers to bringing about a revolution in social and economic systems and the industrial structure by converting the use of fossil fuels and electricity that are the cause of greenhouse gas emissions to decarbonized gas or renewable clean energy such as solar power or wind power that does not produce greenhouse gases.

(Note 3) This stands for “digital transformation,” and it refers to the revolution produced in various areas, including products, services, and business models, by integrating data and digital technology, thereby establishing a competitive advantage.

(Note 4) This is an acronym of the first letters of Connected, Autonomous, Shared & Services, and Electric, which are important factors pointing to future trends in the automobile industry.

Meanwhile, the Target Company was established in Osaka City in August 1946 as Sakane Sangyo Co., Ltd., where it engaged in wholesale business, including of electric wire and cable, super-hard alloy products, copper and brass products, nonferrous metals, and raw metals. The Target Company changed its trade name to Toyo Bussan Co., Ltd. in August 1980, listed its shares on the Second Section of the Osaka Securities Exchange in November 1988 and on the Second Section of the Tokyo Stock Exchange in July 1999, and changed its trade name to the current TECHNO ASSOCIE Co., Ltd in August 2006. Furthermore, after the transition to new market segments at the Tokyo Stock Exchange on April 4, 2022, it is

listed on the Standard Market of the Tokyo Stock Exchange.

The capital relationship between the Tender Offeror and the Target Company began in April 1954 when the Tender Offeror acquired 180,000 shares of the Target Company Stock (30.00% of the Target Company's total number of issued shares at the time) by underwriting newly-issued shares. Subsequently, the Target Company Stock owned by the Tender Offeror increased to 3,547,000 shares in November 1979 (44.34% of the Target Company's total number of issued shares at the time, acquired by underwriting newly-issued shares), decreased to 3,047,000 shares in November 1988 (31.09% of the Target Company's total number of issued shares at the time, sold when the Target Company Stock was listed on the Second Section of the Osaka Securities Exchange), increased to 3,351,700 shares in May 1989 (31.09% of the Target Company's total number of issued shares at the time, acquired by delivery without compensation), increased to 3,972,000 shares in October 1989 (31.09% of the Target Company's total number of issued shares at the time, acquired by underwriting a public issue of new shares), increased to 4,568,605 shares in May 1990 (31.09% of the Target Company's total number of issued shares at the time, acquired by delivery without compensation), increased to 5,181,605 shares in February 1997 (31.03% of the Target Company's total number of issued shares at the time, acquired by underwriting newly-issued shares), increased to 6,217,926 shares in November 1997 (31.03% of the Target Company's total number of issued shares at the time, acquired by delivery without compensation), increased to 6,717,926 shares in February 2002 (33.53% of the Target Company's total number of issued shares at the time, additionally acquired from shareholders), increased to 6,733,726 shares in February 2007 (33.60% of the Target Company's total number of issued shares at the time, additionally acquired from shareholders), and thereafter reached 6,760,126 shares in September 2014 (36.25% of the Target Company's total number of issued shares at the time, additionally acquired from shareholders). Then, with the goal of utilizing the Target Company's expertise in development proposal-based sales in the sale of the Tender Offeror's products as well, and enhancing its marketing capabilities through further coordination with respect to personnel exchanges and business transactions that the Tender Offeror had been conducting with the Target Company, in August 2019, the Tender Offeror carried out a tender offer for the Target Company Stock (period for purchase etc.: August 22, 2019 through September 19, 2019; maximum number planned to be purchased: 2,734,100 shares; minimum number planned to be purchased: none), and by newly acquiring 2,734,100 Target Company Stock on September 27, 2019 and thereby owning 9,494,226 shares (47.38% of the Target Company's total number of issued shares at the time), it made the Target Company its consolidated subsidiary, and as of the submission date of this document it has come to own 9,494,226 shares (ownership ratio: 50.91%). Furthermore, although the background is unclear, 1,000 shares of Target Company Stock (ownership ratio: 0.01%) are owned by SEIWC, the Tender Offeror's subsidiary.

As of today, the Target Company Group (meaning the Target Company and its subsidiaries and equity-method affiliates; the same applies hereinafter) comprises the Target Company, its 20 subsidiaries, and its two equity-method affiliates. In each of its business areas of electronics business, automotive business, and area sales, etc., it has widely developed domestic and foreign sales of production materials to meet customer needs such as fasteners and metal components, as well as chemical products (resin components and tapes), liquid crystal, glass, and various decorative products. Founded on its business policy of "Heart-to-Heart Bonds," for many years the Target Company has responded to the needs of its customers by providing a variety of components and parts, technologies, and solutions that support the industry, including fasteners, based on its corporate principles of "1. Providing services that cater to the needs of customers within the basic concept of 'the customer is first,'" "2. Improving the level of satisfaction of customers, suppliers and employees, and enhancing our shareholder value," "3. Achieving sustainable growth by maintaining social responsibility and high corporate ethics and promoting globalization, and "4. Fostering a lively corporate culture and contributing to the creation of a better society and environment." On the basis of its 27 bases located in Japan and 22 bases located in 10 countries overseas, as well as its accumulated knowledge of elemental technologies and market needs and its supplier network, the Target Company is well regarded by customers in a wide variety of fields as a trading company that actively expands development proposal-based sales

(meaning a sales style of carrying out development and proposals by accurately responding to customer needs and leveraging the technologies and products of a wide range of component manufacturers both inside and outside of the group).

In 2021, in conjunction with reviewing the positioning of its medium-to long-term business management guidelines “Vision2020,” the Target Company newly formulated a new “Medium-Term Management Vision (Vision2025)”, based on changes in the business environment such as countermeasures to global warming and conservation of resources and energy characterized by SDGs (Note 5) and ESG (Note 6) now being strongly required in corporate activities compared to previously, and changes in the market structure from previous China-focused manufacturing, such as supply chain diversity now being required in response to the impact of COVID-19 and rising labor costs in developing countries. In its “Medium-Term Management Vision (Vision2025)”, the Target Company states as its basic strategy that it will expand its business as a trusted partner to its customers by providing high-value-added services (Value) by accurately grasping diversifying needs, leveraging the knowledge it has cultivated through its development proposal-based sales activities to date and its creativity and proposal-making capabilities as an engineering company, and that it will identify domestic and overseas demand trends and accelerate global growth, while also expanding its competitiveness and aggressively pursuing alliances, partnerships, and cooperation to expand business opportunities and market domains. In addition, in terms of international trends, the Target Company sees renewable energy-related fields triggered by decarbonization, CASE areas in the automotive industry, and FA (Note 5) areas, including advanced industrial robots utilizing AI at production sites supporting that production, as areas where sustainable growth can be expected in the medium term, and it believes that by leveraging the knowledge it has accumulated to date, it has positioned rechargeable batteries and fuel cells, electrification, preventive safety and automated driving, and robotics-related products as core growth areas, and will make Target Company Group-wide efforts.

(Note 5) This stands for “Sustainable Development Goals.”

(Note 6) This stands for “Environment, Social, and Governance.”

(Note 7) This means factory automation.

(ii) Background and Purpose of the Decision to Implement the Tender Offer

(A) Background to the Review on Making the Company a Wholly Owned Subsidiary In order to enhance innovation, which is one of the key growth strategies in the Tender Offeror’s Medium-Term Management Vision (22VISION) for fiscal 2018 to fiscal 2022, in addition to the initiatives being undertaken by the Tender Offeror to develop key technologies and achieve production costs that are acceptable to the market, the strengthening of marketing capabilities – specifically, the creation of markets and development of the customer base – is regarded as essential. To that end, in September 2019, the Tender Offeror made the Target Company a consolidated subsidiary because it has an established reputation for development and proposals leveraging its knowledge with respect to technology and products and with the aim of enhancing marketing capabilities such as utilizing its expertise in development proposal-based sales in the sale of the Tender Offeror’s products by strengthening coordination with the Target Company, with which it had been carrying out personnel exchanges and business transactions as an equity-method affiliate. Thereafter, taking advantage of the Tender Offeror having become the Target Company’s parent company, the Tender Offeror and the Target Company explored developing various forms of collaboration, such as, on the human resources side, having top management exchange opinions between the Tender Offeror and the Target Company, and to proceed with further strengthening the relationship between both companies by seconding personnel at practical levels such as accounting and human resources, and also by creating a synergy review meeting on the business side. They implemented collaboration by, for example, the Tender Offeror utilizing the Target Company’s prototype function, the Target Company providing the Tender Offeror with procurement support, and the Target Company uncovering customer needs for the Tender Offeror. We believe that, since it became a consolidated subsidiary in September 2019, such collaboration with the Target Company has given rise to a

steady increase in transactions between the Tender Offeror and the Target Company, the initial goal of coordination between the Tender Offeror and the Target Company aimed at improving corporate value by making the Target Company a consolidated subsidiary was achieved, and synergies have been demonstrated.

The Tender Offeror believes that the initial goal of making the Target Company a consolidated subsidiary has been achieved since the Target Company became a consolidated subsidiary in September 2019, but recently changes in social and economic conditions that could have an adverse impact on business continuity — such as destabilization of the supply chain due to the expansion of geopolitical risk and the continuing risk of COVID-19 infection — have advanced on a global scale. At the same time, in the global market environment, paradigm shifts that could become opportunities to expand business are believed to be accelerating even more, against the backdrop of enhanced efforts to realize a decarbonized society and the development of an information society that entails an increased volume of communications data. The Tender Offeror believes that for the Target Company Group to expand its business in the future, it is necessary to be able to carry out proposal activities and decision-making with a sense of speed by making it possible to mutually utilize business information, expertise, customer bases, all types of personnel, and other management resources between the Tender Offeror Group and Target Company Group starting at the initial stage of each project. In order to definitely realize the same and to increase the corporate values of both companies by further developing their businesses, starting from their electronics and automotive-related departments, it is important for the Tender Offeror Group and the Target Company Group to carry out their proposal activities and decision-making with an even greater sense of unity and speed by the Tender Offeror making the Target Company a wholly owned subsidiary and the mutual utilization of business information, expertise, customer bases, all types of personnel, and other management resources that, until now, had to be avoided from an independence perspective considering that the Tender Offeror and the Target Company are both listed companies.

In addition, when the decision was made to make a tender offer for the Target Company Stock in May 2019, on the assumption that the Target Company would remain listed, the Tender Offeror intended to respect the independent management of the Target Company as an independent listed company, but if continued listing is assumed, it is necessary for it to go through appropriate decision-making and organizational decision processes individually while the Target Company also considering shareholders other than the Tender Offeror, and thus there are certain restrictions on the Tender Offeror Group and the Target Company Group mutually utilizing their customer bases and business foundations, etc. In addition, it is difficult for the Tender Offeror and the Target Company to pursue the benefit of only the Tender Offeror Group in their business activities from the perspective of optimization as the Tender Offeror Group as a whole, including in terms of sales, and these is a concern of a structural conflict of interest in that such cooperation would not necessarily be beneficial for the Target Company's minority shareholders as well.

Therefore, the mutual utilization of expertise, technology, and personnel between the Tender Offeror and the Target Company has been limited since it became a wholly owned subsidiary in September 2019. On the other hand, the business environment surrounding the Tender Offeror and the Target Company is in a period of dramatic change, exemplified by GX, DX, and CASE, and the immediate business environment is becoming more uncertain due to the need to respond to risks that are difficult to predict, such as the situation in Ukraine, the extended risk of infection from COVID-19, inflation in the costs of energy and raw materials, and logistics and supply chain disruptions, so it is believed to be imperative for the Tender Offeror and the Target Company to mutually utilize business information, expertise, customer bases, all types of personnel, and other management resources, accelerate their proposal activities and decision-making with an even greater sense of unity and speed, and demonstrate their integrated strength as a group. Moreover, as there have recently

been increasing structural conflict of interest risks between listed subsidiaries and their parent companies and moves to require enhanced measures to deal with those risks, such as the Ministry of Economy, Trade and Industry preparing and releasing the “Practical Guidelines for Corporate Governance Systems” on June 28, 2019, with the Target Company as a listed company, going forward the Tender Offeror will be required to conduct even more cautious examination taking into account the interests of minority shareholders when the Tender Offeror and the Target Company mutually utilize business information, expertise, customer bases, all types of personnel, and other management resources, and it is anticipated that this will cause further difficulties when trying to carry out agile decision-making for such purposes. Furthermore, events such as the revision of the Corporate Governance Code and strengthening of regulation of financial markets in recent years have resulted in increased costs for maintaining listing, such as the costs required for continuous disclosure, including annual securities reports under the Financial Instruments and Exchange Act, and audit costs, and it is believed that maintaining the listing will impose a burden on management of the Target Company.

In order to alleviate these restrictions resulting from the Target Company remaining a listed company and to respond to the business environment described above, the Tender Offeror believes that, by making the Target Company its wholly owned subsidiary and further unifying the Tender Offeror Group and the Target Company Group, it will be possible to integrate the technologies, products, and services they respectively hold and promote the sharing of their customer bases, etc., elevate their presence in a wide range of business areas, and better display the integrated capabilities of the Group, thereby working to further improve the medium- to long-term corporate value of both companies.

- (B) As set forth in “(A) Background to the Review on Making the Company a Wholly Owned Subsidiary” above, since the Target Company became a consolidated subsidiary in September 2019, the Tender Offeror and the Target Company have primarily considered and implemented cooperation on the sales side, but because the Tender Offeror and the Target Company are listed companies, we see it as an issue that that collaboration in terms of sales is insufficient given that there are certain restrictions on the Tender Offeror Group and the Target Company Group mutually utilizing their customer bases and business foundations, etc. from the perspective of independence. In order to resolve this issue, respond to the above changes in the business environment, and improve their medium- to long-term corporate value and continue to flexibly and accurately meet customer needs in the future, the Tender Offeror and the Target Company believe that it is essential to undertake initiatives to strengthen marketing capabilities such as the exchange of sales personnel between the two companies, improving the speed of the Tender Offeror’s prototype development and to reduce manufacturing costs by leveraging the supplier network and processing outsourcing network built up by the Target Company, sharing some of the resources of the Tender Offeror’s corporate departments with the Target Company, and jointly using and integrating domestic bases and to build a unified business operation system that goes even further than before in order to bring together the fundamental and universal strengths and knowledge of both companies and enable all-inclusive and one-stop comprehensive proposals that identify changes in the business environment. The Tender Offeror considers that the synergies for both the Tender Offeror Group and the Target Company Group from making the Target Company a wholly owned subsidiary are as follows:

<Strengthen the added value and expand the sales revenue of the Tender Offeror Group by utilizing the unique sales capabilities and broad supplier and processing network of the Target Company>

The Tender Offeror believes that it is possible to effectively expand even further the “development proposal-based sales” which is the Target Company’s strength. Specifically, by the Tender Offeror and the Target Company quickly sharing, for example, customer specification information from individual projects, which the two

companies would otherwise need to refrain from doing from the perspective of independence because the two companies are both listed companies, it will be possible to mutually utilize both companies' know-how and technology in individual projects from an early stage, which will in turn allow the speed of proposals to customers to be increased. In addition, by sharing the exit search for the commercialization of technology seeds developed by the Tender Offeror and the sales contact capacity for small-lot products and specified products, the quality and breadth of proposals to customers will increase while also expanding, and it is believed that this will contribute to improving the corporate value and expanding the sales revenue of the Tender Offeror Group as a whole, including the Target Company.

It is also believed that it will be possible to conduct exchanges such as utilizing the Tender Offeror's sales system, joint promotions by the Tender Offeror and the Target Company, business base sharing, and mutual secondments and rotations of sales personnel, which had to be avoided from the perspective of independence because the Tender Offeror and the Target Company are both listed companies

Furthermore, it is believed that the supplier network and processing outsourcing network built up by the Target Company will greatly contribute to improving prototype development speed and reducing manufacturing costs while new businesses and new products are being developed as the Tender Offeror Group.

<Utilization of Group resources such as corporate functions>

The mutual use of expertise and all types of personnel between the Tender Offeror and the Target Company has been carried out on a restricted basis from the perspective of independence, because both the Tender Offeror and the Target Company are listed companies, and this is considered to be an issue that needs to be resolved. By the Tender Offeror making the Target Company its wholly owned subsidiary through the Transaction in order to resolve this issue, it is believed that, because both companies are engaged in business operations, it will become possible to more quickly and flexibly implement improvements in efficiency, such as the sharing of resources in corporate departments such as information systems, purchasing, logistics, accounting, and personnel, or the joint utilization or integration of domestic and overseas offices. Specifically, with regard to purchasing and logistics, examples would be the mutual introduction of suppliers of raw materials, supplies, equipment, and components and the like, the delegation of procurement to the Target Company which produces a wide variety of products in small quantities, and the centralized utilization of a procurement contact for some products, focusing on products that are the Target Company's specialty.

In addition, it is believed that by the Target Company utilizing the Tender Offeror's platform for corporate departments such as accounting, human resources, and legal affairs that it has in Japan and overseas to the maximum extent in order to quickly and expertly handle, for example, the situation in countries where there is an emerging backdrop of geopolitical risks continuing to emerge as well as changes in legal systems or rules, while being supported by the Tender Offeror, the Target Company will be able to expand business activities in the global market in an even smoother manner.

(C) Events Leading to Decision on Tender Offer

With the aforementioned background, purpose, and expected synergies in mind, the Tender Offeror determined that it is necessary to further deepen the alliance of both companies and concentrate management resources by the Tender Offeror making the Target Company its wholly owned subsidiary in order to realize an even greater improvement in corporate value for both companies.

Thus, in late October 2022, the Tender Offeror appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and third-party valuation organization independent of the Tender Offeror and the Tender Offeror Group including the Target Company and Nishimura & Asahi as a legal advisor, and commenced concrete deliberations regarding the Transaction. It also made a proposal to the Target Company to make the Target Company a wholly owned subsidiary, and on November 2, 2022 submitted a preliminary letter of intent to the Target Company regarding the



Transaction.

In mid-November 2022, in response to this proposal from the Tender Offeror to the effect that it wanted to start discussions and deliberations toward the implementation of the Transaction, the Target Company appointed City-Yuwa Partners as a legal advisor independent of the Target Company and the Tender Offeror in order to consider the merits of starting discussions with the Tender Offeror and conducting the Transaction, and to negotiate with the Tender Offeror. After requesting Mizuho Securities Co., Ltd. (“Mizuho Securities”), which has had a business relationship with the Target Company from before, to estimate the details of the services to be provided and the costs of the Transaction related to the provision of such services, it was determined that there was no problem with the independence of Mizuho Securities from the Target Company and the Tender Offeror in respect of the Transaction, including the Tender Offer, for the reasons set out in “(a) Name of Valuation Organization and Its Relationship with the Target Company and the Tender Offeror” in “(iv) Share Valuation Report Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below, and therefore, in mid-November 2022, Mizuho Securities was appointed as a financial advisor and third-party valuation organization independent of the Target Company and the Tender Offeror. Furthermore, on November 25, 2022, the Target Company established the Special Committee (defined below; the same applies hereinafter), which comprises independent outside directors, independent outside audit & supervisory board members, and outside experts, in order to deliberate and negotiate the Transaction from a standpoint independent of the Tender Offeror. The Special Committee approved the appointment of City-Yuwa Partners as a legal advisor and Mizuho Securities as financial advisor and third-party valuation organization of the Target Company in order to establish a system for conducting discussions and negotiations pertaining to the Transaction.

Based on that, the Tender Offeror and the Target Company commenced specific discussions and examinations for the Transaction in early December 2022.

The Tender Offeror conducted due diligence on the Target Company from early December 2022 to mid-January 2023 in order to closely examine the feasibility of the Transaction, and at the same time, has held more detailed discussions with the Target Company and the Special Committee regarding the significance and purpose of the Transaction, the synergy effects expected to be created by the Transaction, the management structure and business policies after the Transaction, and conditions of the Transaction, including the purchase price per share of the Target Company Stock in the Tender Offer (the “Tender Offer Price”). The Tender Offeror discussed and negotiated with the Target Company on multiple occasions beginning on January 5, 2023 with respect to the Tender Offer Price. Specifically, the Tender Offeror made an initial proposal on January 5, 2023 with a Tender Offer Price of 1,525 yen, which represents a premium to the immediately preceding market price of the Target Company Stock, comprehensively taking into consideration the movements of the market price of the Target Company Stock, the likelihood that shares would be tendered in the Tender Offer, the progress of due diligence, and the content of the initial evaluation and analysis of the Target Company Stock by Nomura Securities (this is a 29.79% premium on the share price as of the one Business day preceding such date of 1,175 yen (rounded to the nearest two decimal places; the same applies in hereinafter to premium percentages)), but on January 13, 2023 the Target Company requested re-examination of the details of the proposal, saying that the Tender Offer Price was not at an appropriate level. Subsequently, in response to the Target Company’s request for the details of the proposal to be re-examined, the Tender Offeror made an offer for a Tender Offer Price of 1,585 yen on January 17, 2023 (this is a 34.89% premium on the share price as of the one Business day preceding such date of 1,175 yen ), but on January 19, 2023, the Target Company requested re-

examination of the details of the proposal because of it being necessary to consider the interests of minority shareholders of the Target Company. On January 24, 2023, the Tender Offeror made an offer for a Tender Offer Price of 1,640 yen (this is a 38.98% premium on the share price as of the one Business day preceding such date of 1,180 yen), but on January 25, 2023, the Target Company requested that the Tender Offer Price be 1,820 yen (this is a 53.59% premium on the share price as of the one Business day preceding such date of 1,185 yen) based on the perspective of the interests of the minority shareholders of the Target Company. In light of this, the Tender Offeror made a proposal on January 30, 2023 of a Tender Offer Price of 1,685 yen, (this is a 41.36% premium on the share price as of the one Business day preceding such date of 1,192 yen) but on the same day, the Target Company requested that the content of the proposal be reconsidered from the perspective of giving further consideration to the benefit of minority shareholders. Subsequently, the Tender Offeror made a proposal on January 31, 2023 of a Tender Offer Price of 1,695 yen (this is a 39.97% premium on the share price as of the one Business day preceding such date of 1,211 yen).

As a result of these discussions and negotiations, the Tender Offeror and the Target Company agreed on the Tender Offer Price, and on January 31, 2023, the Tender Offeror received a response from the Target Company to the effect that it would accept the Tender Offeror's proposal, and an agreement was thus reached to set the Tender Offer Price at 1,695 yen.

As a result of those discussions and negotiations, the Tender Offeror and the Target Company reached an agreement on the Tender Offer Price and agreed today that making the Target Company a wholly owned subsidiary of the Tender Offeror was the best way to respond to the changes in the business environment surrounding the Tender Offeror and the Target Company and increase the corporate value of both companies. As such, the Tender Offeror resolved in favor of conducting the Tender Offer at its board of directors meeting held today.

(iii) Background to and Reasons for Decision-Making by the Target Company

(A) Background to Proposal by Tender Offeror and Establishment of Examination Structure

According to the Target Company Press Release, as stated in “(C) Events Leading to Decision on Tender Offer” in “(ii) Background and Purpose of the Decision to Implement the Tender Offer” above, having received notice from the Tender Offeror on November 2, 2022 that it wished to discuss and examine implementation of the Transaction, the Target Company appointed City-Yuwa Partners as legal advisor and Mizuho Securities as financial advisor and third-party valuation organization in mid-November 2022, both independent of the Target Company and the Tender Offeror, in order to commence discussions with the Tender Offeror, examine the appropriateness, etc. of the implementation of the Transaction, and negotiate with the Tender Offeror, and based on the advice of City-Yuwa Partners, the Target Company immediately began establishing a structure for examining, negotiating, and making decisions on the Transaction based on a position that is independent from the Tender Offeror and from the viewpoint of improving the corporate value of the Target Company and ensuring the interests of its general shareholders.

Specifically, from early November 2022, the Target Company commenced preparations for the establishment of the Special Committee, and pursuant to a resolution of the Target Company's board of directors meeting held on November 25, 2022, established a special committee (the “Special Committee”) comprised of Tamon Tsuda (independent outside director of the Target Company and certified public account), Fumi Shimizu (independent outside director of the Target Company and attorney-at-law), Hideo Yoshii (independent outside audit & supervisory board member of the Target Company and certified public accountant), and Arihiro Takanohashi (outside expert, board director of Japan Turnaround Partners Advisory, Inc) (for details, see “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts

of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below). The Target Company’s board of directors asked the Special Committee to examine (i) the appropriateness and rationality of the Transaction (including the Transaction improving the corporate value of the Target Company), (ii) the fairness of the terms of the Transaction (including the purchase price in the Tender Offer), (iii) the fairness of the negotiation process and procedures leading to decision making for the Transaction, (iv) whether or not the Transaction (including announcing an opinion in support of the Tender Offer, recommending that the Target Company’s shareholders tender their shares in the Tender Offer, and other decisions on the Transaction’s procedures by the Target Company) is contrary to the interests of the Target Company’s minority shareholders, (v) and in light of (i) through (iv) above, whether the Target Company’s board of directors should announce an opinion in support of the Tender Offer and recommend that the Target Company’s shareholders tender their shares in the Tender Offer (collectively, the “Advisory Matters”). Upon establishing the Special Committee, the Target Company’s board of directors resolved (i) that, in light of the purpose of the establishment of the Special Committee, at meetings of the Target Company’s board of directors that deliberate on the contents of an opinion announced on the Tender Offer, utmost respect should be paid to the recommendation of the Special Committee regarding the Advisory Matters, and particularly, that it would not support the Tender Offer if the Special Committee determined that the transaction terms were inappropriate, and (ii) to grant the Special Committee the authority to (a) negotiate directly with the Tender Offeror, and even if the Target Company’s personnel or advisors negotiate with the Tender Offeror, to substantially influence the negotiation process over transaction terms by receiving updates as necessary, stating its views on material aspects, and giving instructions and making requests, etc., (b) to itself appoint external advisors (meaning financial advisors, third-party valuation organizations, and legal advisors, etc.) as necessary (such costs to be borne by the Target Company) and nominate or approve (including ex-post-facto approval) external advisors appointed by the Target Company (the Special Committee may utilize an external advisor appointed by the Target Company if the Special Committee determines it can trust such advisor and can seek expert advice from it), and (c) to request the Target Company’s executives, employees and external advisors to collect all information necessary in order to report.

As stated in “(ii) Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below, the Target Company received confirmation from the Special Committee at the first Special Committee meeting held on November 29, 2022 there was no issue with the independence and expertise of the Target Company’s legal advisor City-Yuwa Partners and its financial advisor and third-party valuation organization Mizuho Securities, and received approval for these appointments.

As stated in “(v) Establishment of Independent Consideration System at the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below, the Target Company established an internal structure to examine, negotiate, and make decisions relating to the Transaction (including the scope of executives and employees of the Target Company involved in the examination, negotiations and decisions relating to the Transaction, and the duties of such executives and employees) from an independent standpoint to the Tender Offeror, and at the first Special Committee meeting held on November 29, 2022, received approval from the Special Committee that there were no issues with this examination structure from an independence and fairness

perspective.

(B) Background to Examination and Negotiations

The Target Company received reports from Mizuho Securities on the valuation calculation results for the Target Company Stock, and advice on the negotiation policy for the Tender Offeror and advice from other financial perspectives. The Target Company also received guidance from City-Yuwa Partners on measures to ensure the fairness of procedures for the Transaction and other legal advice. The Target Company carefully examined whether to accept the Transaction, and the adequacy of transaction terms, based on this advice.

The Target Company received notice from the Tender Offeror on November 2, 2022 that it wished to commence discussion and examination of the implementation of the Transaction, and since forming the Special Committee by passing a resolution of its board of directors on November 25, 2022, has continued to discuss and negotiate the transaction terms for the Transaction with the Tender Offeror. Specifically, while the Target Company initially received a proposal from the Tender Offeror on January 5, 2023 to make the Tender Offer Price for the Tender Offer 1,525 yen, which represents a premium to the immediately preceding market price of the Target Company Stock, comprehensively taking into consideration the movements of the market price of the Target Company Stock, the likelihood that shares would be tendered in the Tender Offer, the progress of due diligence, and the content of the initial evaluation and analysis of the Target Company Stock by Nomura Securities (this is a 29.79% premium on the share price as of the one Business day preceding such date of 1,175 yen), we have been told that on January 13, 2023 the Target Company made a request to the Tender Offeror for re-examination of the details of the proposal, saying that the Tender Offer Price was not at an appropriate level. Subsequently, in response to the Target Company's request for the details of the proposal to be re-examined, the Target Company received a proposal from the Tender Offeror on January 17 that it would like to make the Tender Offer Price 1,585 yen (this is a 34.89% premium on the share price as of the one Business day preceding such reference date of 1,175 yen), but on January 19, 2023, the Target Company made a request to the Tender Offeror for re-examination of the details of the proposal because it is necessary to give consideration to the interests of the Target Company's minority shareholders. On January 24, 2023, the Target Company received a proposal from the Tender Offeror that it would like to make the Tender Offer Price 1,640 yen (this is a 38.98% premium on the share price as of the one Business day preceding such date of 1,180 yen), but on January 25, 2023, based on the perspective of the interests of the Target Company's minority shareholders, the Target Company made a request to the Tender Offeror to make the Tender Offer Price 1,820 yen (this is a 53.59% premium on the share price as of the one Business day preceding such date of 1,185 yen). Based on this, on January 30, 2023, the Target Company received a proposal from the Tender Offeror that it would like to make the Tender Offer Price 1,685 yen (this is a 41.36% premium on the share price as of the one Business day preceding such date of 1,192 yen), but on that date, the Target Company made a request for re-examination of the details of the proposal from the perspective of giving further consideration to the interests of minority shareholders. Subsequently, on January 31, 2023, the Target Company received a proposal from the Tender Offeror that it would like to make the Tender Offer Price 1,695 yen (this is a 39.97% premium on the share price as of the one Business Day preceding such date of 1,211 yen). Then, on that date, the company sent an answer to the Tender Offeror, saying that it accepts the Tender Offeror's proposal, and an agreement was reached to make the Tender Offer Price 1,695 yen.

(C) Decisions

Based on the above background, at its board of directors meeting held today, the Target Company carefully discussed and examined whether the series of procedures for the Transaction including the Tender Offer Price would improve the corporate value of the Target Company and whether the transaction terms of the Transaction including the Tender Offer were appropriate in light of legal advice from City-Yuwa Partners, financial advice from Mizuho Securities from a financial perspective, and

the contents of the share valuation report (the “Share Valuation Report”) relating to the valuation calculation results for the Target Company Stock received from Mizuho Securities on February 1, 2023, and paying the utmost respect to the written report submitted by the Special Committee (the “Written Report”).

As a result, as explained below, the Target Company reached the conclusion that becoming a wholly owned subsidiary of the Tender Offeror would generate the following synergies and improve the corporate value of the Target Company through generating business information and expertise, customer bases, and the mutual use of management resources such as personnel in higher level.

- (a) Although the Target Company is a consolidated subsidiary of the Tender Offeror, the companies are independent listed companies, and so there are certain restrictions on sharing business information. The Tender Offeror making the Target Company a wholly owned subsidiary would allow early sharing of information without restrictions, thereby allowing the companies to mutually use business information and expertise from an early stage and accelerating the speed with which the two companies can offer proposals to customers. For example, the Tender Offeror’s strengths are research and development as well as technology, and it addresses a wide range of themes. The Target Company will be able to contribute to sales activities of these newly developed products, and increasing the depth of information will increase business opportunities for the Target Company and link into its sales style of development proposal-based sales.
- (b) As the Tender Offeror and the Target Company are independent listed companies, there are certain restrictions on sharing their customer bases. The Tender Offeror making Target Company a wholly owned subsidiary would allow mutual use without restrictions, increasing business opportunities for the Target Company and leading to stronger added value and sales revenue for the entire group. Specifically, the Target Company will be able to offer a broader range of solutions to customers and increase its business domain by targeting sales contact capacities for small lot and specified products by commercializing technology seeds that are developed by the Tender Offeror Group.
- (c) The Tender Offeror making the Target Company a wholly owned subsidiary will increase the extent to which the Target Company can utilize human resources, helping the Target Company secure personnel and bolstering its sales capabilities. Specifically, the Tender Offeror has a particularly strong business foundation in automobiles, and has many personnel familiar in this field, while the Target Company has found it difficult to secure sufficient personnel able to promptly deal with automobile-related business that has been on the rise in recent years, and personnel shortages have even led to lost business opportunities, making eliminating such opportunity losses a management issue. Cooperation from the Tender Offeror including the provision of human resources is expected to resolve the issue of lost business opportunities caused by personnel shortages.
- (d) As mentioned in (a), the elimination of restrictions on business information sharing makes possible the Target Company’s use of the Tender Offeror’s sales system, joint promotions by the two companies, business base sharing, and mutual sales personnel secondments and rotations.
- (e) Higher mutual utilization of management resources will deepen corporate function sharing of the Tender Offeror and the Target Company, such as information systems, purchasing, logistics, accounting and personnel, joint utilization of domestic and overseas offices, and integration, more speedily and flexibly optimizing the business management of the Target Company.
- (f) With corporate governance codes becoming stricter and the structures and services required to maintain a stock exchange listing expanding and increasing year on year due to the market restructuring of the Tokyo Stock Exchange, the Tender Offeror delisting the Target Company Stock will reduce the Target Company’s listing maintenance costs and allow management

resources used to maintain its listing to be used for the business.

- (g) In general, becoming unable to procure funds capital market equity financing and no longer receiving the benefits of name recognition and social credibility that companies receive from being listed are cited as disadvantages of a company going private, but with regard to procuring funds through equity financing, it is able to ensure funding using its own funds and by taking out loans from financial institutions, so this is not of great necessity, and with regard to name recognition and social credibility as well, based on the fact that it is possible to achieve these through the earnest execution of business, the disadvantages of going private are regarded as limited for the Target Company.

When the Tender Offeror made a proposal to the Target Company at the start of January 2019 to acquire additional Target Company Stock, make the Target Company a consolidated subsidiary, and strengthen the relationship between the two companies, the Target Company examined the Tender Offeror's proposal from early January 2019, and in early February 2019, the Target Company determined that further strengthening the capital relationship between itself and the Tender Offeror and becoming a consolidated subsidiary of the Tender Offeror would create an operating framework that would make more efficient mutual use of the Target Company's and the Tender Offeror's business bases by becoming a consolidated subsidiary of the Tender Offeror and in relation to the shared use of business infrastructure at overseas bases for corporate departments and expansion of product lineup, etc., would resolve issues that the Target Company was aware of, and consequently began to support the approach of the Tender Offeror's proposal. In August 2019, the Tender Offeror made a tender offer for the Target Company Stock, and although certain synergies that were anticipated from making the Target Company a consolidated subsidiary of the Tender Offeror did arise after the Target Company became a consolidated subsidiary of the Tender Offeror on September 27, 2019, such as the Target Company sharing use of business infrastructure at the Tender Offeror's overseas bases, increased exchange and information sharing between the corporate departments of both companies, increased sales of products by the Target Company to the Tender Offeror, enhancement and promotion of capabilities for making proposals to customers, etc. conferred by the integrating the Target Company's knowledge regarding elemental technology and market needs, and its supplier network, with the Tender Offeror's technical and development capabilities, it became necessary to take precautions to avoid potential conflicts of interest between the controlling shareholder (the Tender Offeror) and the Target Company's minority shareholders, which placed restrictions on the execution of each individual initiative. However, after the Transaction, the Target Company will become a wholly owned subsidiary of the Tender Offeror and the Tender Offeror will be in a position where it no longer needs to be careful of conflicts of interest between itself and the minority shareholders of the Target Company, and therefore the restrictions on the execution of each individual initiative will be eased, and as discussed above in (a) to (g), further synergies are anticipated to be created, and we believe that it will serve to improve corporate value of the Target Company, in the medium- to long-term, including the Tender Offeror Group.

The Target Company also determined that the Tender Offer Price of 1,695 yen per share was an appropriate price that secured the profit that general shareholders of the Target Company should receive, and that the Tender Offer offered a reasonable sale opportunity for the Target Company Stock at an appropriate premium for general shareholders of the Target Company.

- (A) This price was agreed upon the Target Company taking sufficient measures to ensure the fairness of transaction terms for the Transaction including the Tender Offer Price as stated in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below, with the involvement of the Special Committee, and through repeated and sufficient negotiations with the Tender Offeror.
- (B) The price exceeds the upper value of the range calculated based on a market share price analysis (1,147 yen to 1,215 yen), within the range calculated based on a comparable company analysis (1,519 yen to 2,525 yen), and also exceeds the median value (1,578 yen) of the range calculated based on a DCF analysis (the “DCF Analysis”) (827 yen to 2,329 yen) in the value calculation results

for the Target Company Stock provided by Mizuho Securities in the Share Valuation Report as mentioned in “(iv) Share Valuation Report Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below.

- (C) This price represents a 39.97% premium versus the closing share price of the Target Company Stock of 1,211 yen on the Tokyo Stock Exchange Standard Market as of February 1, 2023, a 43.04% premium on the simple average closing share price of 1,185 yen for the one-month period from January 4, 2023, a 45.87% premium on the simple average closing share price of 1,162 yen for the three-month period from November 2, 2022, and a 47.78% premium on the simple average closing share price of 1,147 yen for the six-month period from August 2, 2022. Compared against 46 examples of premiums in other tender offers by parent companies to make a listed subsidiary a wholly owned subsidiary announced up to December 20, 2022 since the Ministry of Economy, Trade and Industry published its Fair M&A Guidelines (the “Fair M&A Guidelines”) on June 28, 2019 (excluding examples which a said discount was applied, the tender offer was unsuccessful or a squeeze-out procedure was the consideration to the tender offer) (the average premium is 41.75% on the day immediately before the announcement date, 43.80% for the most recent one-month period, 42.91% for the most recent three-month period, and 40.28% for the most recent six-month period, and the premium median price is 43.45% on the day immediately before the announcement date, 43.64% for the most recent one-month period, 40.23% for the most recent three-month period, and 40.82% for the most recent six-month period), although this premium is lightly lower than the average and median prices for the periods that are keenly influenced by the change in the share price such as the day immediately prior to the announcement and the one-month period prior to the announcement, because the average and median prices for longer period which reflects the long-term trend of the share price such as three months and six months prior to the announcement, it can be assessed that this premium is in line with premiums in other similar cases. The Tender Offer Price is lower than the Target Company’s consolidated book value net assets per share amount (2,989 yen, rounded to the nearest whole yen) as calculated from the consolidated net assets book value as of December 31, 2022, but the net asset amount denotes the liquidation value of a company and does not reflect future profitability, so it is considered unreasonable to emphasize this for calculating the corporate value of the Target Company, which is a going concern. It is said that the Target Company has not specifically calculated the amount that needs to be distributed to its shareholders in the event that the Target Company liquidates itself, but based on facts including that, among the assets held by the Target Company, there are significant land and buildings that cannot be expected to be delivered as-is as well as products manufactured for specific customers that are regarded as assets that would be difficult to sell immediately or collectively (in the Target Company’s balance sheets (end of September 2022) the percentage of total assets (78,477 million yen) made up by business offices, plants, and the land on which they are located as well as accounting items corresponding to products (“Buildings and structures (net)” (4,140 million yen), “Land” (4,277 million yen), and “Merchandise and manufactured goods”) (16,410 million yen) is 31.63%) and that if the Target Company Group including multiple subsidiaries were to be liquidated, additional costs such as costs to the extent equivalent to the closure of places of business, premium retirement benefits for employees, and attorneys’ fees in connection with corporate liquidation,

would be expected to be incurred (in particular, because the Target Company Group has 17 of its 20 subsidiaries located overseas, irrespective of the methods used, it is undeniable that carrying out procedures pertaining to the liquidation of business would involve considerable cost and furthermore, because the Target Company is not planning to liquidate, we understand that it has not gone so far as to acquire written estimates that takes such factors into consideration.), and if the Target Company were liquidated, the consolidated net assets book value would not be converted to cash at the same amount, and because it is anticipated that, in reality, the amount would be considerably less than the consolidated net assets book value (note that, as mentioned above, the Target Company has not acquired written estimates taking liquidation into consideration, and therefore has not confirmed if the Tender Offer Price will be higher than the anticipated liquidation value based on a specific calculation considering the anticipated liquidation cost), it is difficult to adopt the view that the consolidated net assets book value per share amount would be the minimum fair value price for the Target Company Stock.

- (D) This price was also considered appropriate in the Written Report received from the Special Committee as stated in “(ii) Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below.

Based on these decisions, the Target Company determined that the Transaction would improve its corporate value and that the transaction terms of the Transaction including the Tender Offer Price were adequate. At its board of directors meeting held this day, the board of directors expressed their support for the Tender Offer, and passed a resolution recommending to its shareholders that they tender their shares for the Tender Offer.

For the resolution method at the board of directors meetings of the Target Company, please refer to “(vi) Approval of Directors of the Target Company Without Interest and Opinion of All Audit & Supervisory Board Members of the Target Company Without Interest That They Have No Objections” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below.

② Post-Tender Offer Management Policy

The Tender Offeror and the Target Company will accelerate collaboration between the Tender Offeror Group and the Target Company Group, accelerate decision making, and work together to steadily realize the synergies in “① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer” above. The Tender Offeror intends to sufficiently consult with the management of the Target Company and examine matters such as the efficiency of management resources and the mutual use of management resources for overall optimization in order to improve corporate value. As of today, no decisions have been made on the management structure of the Target Company or the composition of its board of directors following the Tender Offer. With regard to future management policy and business strategy, the Tender Offeror and the Target Company will consult after the completion of the Tender Offer with the aim of achieving a structure that maximizes synergies with the Tender Offeror group while following the unique business style of responding in detail to each customer based upon the Target Company’s corporate principles and business policy of “Heart-to-Heart Bonds” and the basic concept of “the customer is first.”

- (3) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest



Given that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transaction including the Tender Offer constitutes a material transaction, etc. with the controlling shareholder of the Target Company, and that the Transaction also constitutes a transaction that typically raises issues of structural conflicts of interest between the Tender Offeror and minority shareholders and information imbalance issues, the Tender Offeror and the Target Company are taking the following measures in response to such issues and to ensure the fairness of the Transaction.

As stated in “(1) Overview of the Tender Offer” above, the Tender Offeror owns 9,494,226 shares of Target Company Stock (ownership ratio: 50.91%) as of today, so the Tender Offeror believes that setting a so-called “majority of minority” minimum number of shares to be purchased in this Tender Offer would cause uncertainty in successfully completing the Tender Offer, and may not serve the interests of general shareholders wishing to tender their shares for the Tender Offer. For this reason, the Tender Offer sets no so-called “majority of minority” minimum number of shares to be purchased. Given the following measures taken by the Tender Offeror and the Target Company, the Tender Offeror believes sufficient consideration has been given to the interests of general shareholders of the Target Company.

- ① Share valuation report obtained by the Tender Offeror from an independent financial advisor and third-party valuation organization
- ② Establishment of the independent special committee, and obtainment of the special committee’s written report, by the Target Company
- ③ Advice obtained from an independent legal advisor to the Target Company
- ④ Share valuation report obtained by the Target Company from an independent financial advisor and third-party valuation organization
- ⑤ Establishment of independent consideration system at the Target Company
- ⑥ Approval of directors of the Target Company without interest and opinion of all audit & supervisory board members of the Target Company without interest that they have no objections
- ⑦ Measures to ensure opportunities for other purchasers to purchase
- ⑧ Measures to ensure opportunities for shareholders of the Target Company to appropriately determine whether to tender in the Tender Offer.

For details of the above, please refer to “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” below.

- (4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)

As mentioned in “(1) Overview of the Tender Offer” above, the Tender Offeror’s policy is to make the Target Company a wholly owned subsidiary of the Tender Offeror, and if the Tender Offeror is unable to acquire all the Target Company Stock (excluding the Target Company Stock directly owned by the Tender Offeror and treasury shares owned by the Target Company) through the Tender Offer, the Tender Offeror plans to conduct procedures for the purpose of acquiring all the Target Company Stock (excluding the Target Company Stock directly owned by the Tender Offeror and treasury shares owned by the Target Company) by the following methods after the completion of the Tender Offer.

- ① Demand for Cash-Out

If, as a result of completion of the Tender Offer, the total number of voting rights in the Target Company owned by the Tender Offeror becomes 90% or more of the number of voting rights of all shareholders of the Target Company, and the Tender Offeror becomes a special controlling shareholder as provided for in Article 179(1) of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter), promptly after the completion of the settlement of the Tender Offer, the Tender Offeror plans to make a demand to all shareholders of the Target Company (excluding the Tender Offeror and the Target Company) who did not tender their shares in the Tender Offer (the “Shareholders Subject to Cash-Out”) to sell all the Target Company Stock they hold (the “Demand for Cash-Out”). For the Demand for Cash-Out, the Tender Offeror plans to stipulate that it will deliver to the Shareholders Subject to Cash-Out money in the same amount as the Tender Offer Price as

consideration for each share of the Target Company Stock. In such case, the Tender Offeror will notify the Target Company to that effect and request approval from the Target Company for the Demand for Cash-Out. If the Target Company approves the Demand for Cash-Out by passing a resolution of its board of directors, in accordance with procedures established in applicable laws and regulations, the Tender Offeror will acquire all the Target Company Stock held by the Shareholders Subject to Cash-Out on the acquisition date specified in the Demand for Cash-Out without requiring the approval of individual Shareholders Subject to Cash-Out. Then, the Tender Offeror plans to deliver to the Shareholders Subject to Cash-Out money in the same amount as the Tender Offer Price as consideration for each share of the Target Company Stock that were held by the Shareholders Subject to Cash-Out. According to the Target Company Press Release, if the Target Company receives a notice from the Tender Offeror that the Tender Offeror intends to make the Demand for Cash-Out and regarding matters set forth in the subparagraphs of Article 179-2(1) of the Companies Act, the Target Company plans to approve the Demand for Cash-Out at a board of directors meeting of the Target Company.

If the Demand for Cash-Out is made as a procedure under the Companies Act for the purpose of protecting the rights of minority shareholders relating to the above procedure, the Shareholders Subject to Cash-Out may petition a court to determine the sale price of Target Company Stock they hold in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations. The court will make the final decision on the sale price of the Target Company Stock if such petition is filed.

② Share Consolidation

Conversely, if the total number of voting rights in the Target Company owned by the Tender Offeror is less than 90% of the number of voting rights of all shareholders of the Target Company after the completion of the Tender Offer, promptly after completion of the settlement of the Tender Offer, the Tender Offeror plans to make a demand to convene an extraordinary shareholders meeting (the “Extraordinary Shareholders Meeting”) at which the agenda items will include a consolidation of the Target Company Stock pursuant to Article 180 of the Companies Act (the “Share Consolidation”) and an amendment of the articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. From the standpoint of improving the Target Company’s corporate value, the Tender Offeror believes it is desirable to hold the Extraordinary Shareholders Meeting as early as possible, and plans to request the Target Company to announce the setting of the reference date during the period of purchase for the Tender Offer (the “Tender Offer Period”) so that the Extraordinary Shareholders Meeting reference date is on a day soon after the commencement of settlement of the Tender Offer (as of today, the planned date is March 31, 2023). According to the Target Company Press Release, as of February 2, 2023, the Target Company plans to hold the Extraordinary Shareholders Meeting at the request of the Tender Offeror, and the Extraordinary Shareholders Meeting is scheduled for around May 2023. The Tender Offeror plans to approve the above proposal at the Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the day on which the Share Consolidation takes effect, the Target Company’s shareholders will own Target Company Stock in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, money obtained from selling the Target Company Stock to the Target Company or the Tender Offeror in a number that is equal to the total number of those fractions (if there is a fraction less than one share in that total number, that fraction is to be discarded, the same hereinafter) will be delivered to the shareholders of the Target Company subject to the fractions in accordance with the procedures prescribed in Article 235 of the Companies Act and other applicable laws and regulations. With respect to the sale price of the Target Company Stock equivalent to the total number of those fractions, the Tender Offeror plans to make a demand to the Target Company to file a petition to a court for permission to make a sale by private contract after setting the amount of money to be delivered to the shareholders of the Target Company that did not tender shares in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of that sale being the same as the

price obtained by multiplying the Tender Offer Price by the number of the shares of Target Company Stock owned by each of those shareholders. Furthermore, although the ratio of the consolidation of the Target Company Stock has not been determined as of today, the ratio is planned to be determined so that the number of the shares of Target Company Stock owned by the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) that did not tender shares in the Tender Offer will be a fraction less than one share so that the Tender Offeror will own all the Target Company Stock (excluding the treasury shares owned by the Target Company).

If the Share Consolidation is performed as a procedure under the Companies Act for the purpose of protecting the rights of the minority shareholders related to the above procedure, and if a fraction of less than one share arises as a result of the Share Consolidation, shareholders of the Target Company may make a demand to the Target Company to purchase at a fair price all of the shares owned by such shareholders that will become a fraction less than one share, and petition a court to determine the price of the Target Company Stock in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other applicable laws and regulations. The court will make the final decision on the purchase price of the Target Company Stock if such petition is filed.

The Tender Offer is in no way a solicitation to the shareholders of the Target Company to approve the proposals at the Extraordinary Shareholders Meeting.

The procedures set forth in ① and ② above may require time to implement or might change to another method depending on circumstances, etc. such as any revision, enforcement, or interpretation, etc. by authorities of applicable laws and regulations. However, even in that case, if the Tender Offer is completed successfully, it is planned that the method of ultimately delivering money to the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to those shareholders in that case is planned to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the shares of Target Company Stock owned by each of those shareholders. However, if a petition for a determination of the purchase price concerning the Demand for Cash-Out or a petition for determination of the price concerning the exercise of appraisal rights on shares with respect to the Share Consolidation is filed, the court will make the final decision on the sale price of the Target Company Stock or the price concerning the exercise of appraisal rights on shares.

As the only shareholders able to exercise voting rights at the fiscal 2023 annual shareholders meeting of the Target Company (the “Annual Shareholders Meeting”) that is planned to be held in June 2023 will be the shareholders after completion of the Squeeze-out Procedures (meaning the Tender Offeror), conditional on the Squeeze-out Procedures being completed, the Tender Offeror intends, promptly after March 31, 2023, to request the Target Company to make a partial amendment of its articles of incorporation to abolish the reference date for voting rights at annual shareholders meetings, and promptly after such request (and no later than the Annual Shareholders Meeting in June 2023), the Target Company plans to implement a shareholders meeting to carry out the relevant partial amendment of the articles of incorporation. As a result, even if shareholders are entered or recorded in the Target Company’s shareholder register as of March 31, 2023, they may be unable to exercise rights at the Annual Shareholders Meeting.

Matters such as the specific procedures in each of the above cases and the timing of the implementation of those procedures are planned to be promptly publicly announced by the Target Company once they have been determined following discussions between the Target Company and the Tender Offeror. The shareholders of the Target Company should consult with tax experts at their own responsibility on the handling of tax matters in relation to tendering the Target Company Stock in the Tender Offer and the above procedures.

(5) Prospect of Delisting and Reasons Therefor

Although the Target Company Stock is listed on the Standard Market of the Tokyo Stock Exchange as of today the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, so the Target Company Stock may be delisted through prescribed procedures in accordance with delisting criteria set out by the Tokyo Stock Exchange depending on the result of the Tender Offer. Even if the Target Company Stock does not fall under those criteria at the time

of the completion of the Tender Offer, if the Tender Offeror takes each procedure stated in “(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)” above after the completion of the Tender Offer, the Target Company Stock will fall under said delisting criteria and be delisted through the prescribed procedures. After delisting, the Target Company Stock will be untradeable on the Tokyo Stock Exchange.

- (6) Matters concerning Material Agreements Regarding the Tender Offer  
Not applicable.

## 2. Overview of the Purchase

### (1) Overview of the Target Company

(i) Name	TECHNO ASSOCIE Co., Ltd.	
(ii) Address	3-17, Tosabori 3-chome, Nishi-ku, Osaka	
(iii) Name and title of representative	Mamoru Moritani, President	
(iv) Business outline	Fastener products, processed products, metal materials, electronic material products, chemical products, industrial machinery and other sales, and other incidental and related business	
(v) Capital stock	5.001 billion yen (as of February 2, 2023)	
(vi) Date of establishment	August 1, 1946	
(vii) Major shareholders and shareholding ratios (ratio of number of owned shares versus total number of issued shares (excluding treasury shares) (%) as of September 30, 2022)	Sumitomo Electric Industries, Ltd.	50.91%
	TECHNO ASSOCIE Kyoieikai	8.54%
	Custody Bank of Japan, Ltd. (Trust Account)	3.24%
	TECHNO ASSOCIE Employee Stock Ownership Plan	2.31%
	Sumitomo Mitsui Banking Corporation	1.46%
	Hirakawa Industry Co., Ltd.	1.33%
	Nippon Life Insurance Company	1.24%
	BBH FOR FIDELITY LOW-PRICE STOCK FUND (PRINCIPAL ALL SECUTOR SUBPORTFOLIO)	1.19%
	OKITSURASEN Co., LTD.	1.13%
	The Bank of Nagoya, Ltd.	1.09%
(viii) Relationships between listed companies and the Target Company		
	Capital relationship	As of today, the Tender Offeror directly and indirectly owns 9,494,226 shares (ownership ratio: 50.91%) of the Target Company Stock and has made the Target Company a consolidated subsidiary.
	Personal relationship	As of today, two of the Target Company’s six directors (Mamoru Moritani and Katsuhiko Nakajima) come from the Tender Offeror. One of the Target Company’s five audit & supervisory board members (Shinya Yanagida) comes from the Tender Offeror.
	Business relationship	The Target Company purchases electrical component materials, aluminium welding materials, etc. from the Tender Offeror.
	Status as a related party	The Target Company is a consolidated subsidiary of the Tender Offeror, and constitutes a related party.

(Note): “Major shareholders and shareholding ratio (Ratio of number of owned shares versus total number of issued shares (excluding treasury shares) (%) as of September 30, 2022)” is based on the “Major Shareholders” stated in the Target Company Quarterly Report.

### (2) Schedule and Other Matters

#### ① Schedule

Date of resolution of the board of directors meeting	February 2, 2023 (Thursday)
Tender offer commencement announcement date	February 3, 2023 (Friday) To be notified by electronic public notice and publication in the Nihon Keizai Shimbun.

	(Electronic public notice address: <a href="https://disclosure2.edinet-fsa.go.jp">https://disclosure2.edinet-fsa.go.jp</a> )
Tender offer registration statement submission date	February 3, 2023 (Friday)

② Initial Period of Purchase Set at the Time of Submission of Registration Statement  
32 Business Days from February 3, 2023 (Friday) to March 22, 2023 (Wednesday)

③ Possibility for Extension at Request of Target Company  
Not applicable.

(3) Purchase Price  
1,695 yen per common share

(4) Calculation Basis for the Purchase Price

① Basis of calculation

In the course of determining the Tender Offer Price, the Tender Offeror asked Nomura Securities, which is a financial advisor and a third-party valuation organization independent from the Tender Offeror Group including the Tender Offeror and the Target Company, to calculate the share value of the Target Company. Nomura Securities is not a related party of the Tender Offeror Group including the Tender Offeror and the Target Company and does not have a material interest in the Tender Offer. After considering the valuation methods available for the Tender Offer, Nomura Securities calculated the Target Company's share value using the market share price analysis, given that the Target Company Stock is listed on the Tokyo Stock Exchange Standard Market, the comparable company analysis, given that there are a number of listed companies comparable to the Target Company and it is possible to determine the share value of the Target Company Stock by analogical inference through this approach, and a DCF Analysis, in order to reflect the Target Company's future business activities in the calculation. The Tender Offeror obtained a valuation report from Nomura Securities dated February 2, 2023 (the "Tender Offeror Valuation Report") (Note).

The Tender Offeror determined and decided on the Tender Offer Price after it obtained the Tender Offeror Valuation Report from the third-party valuation organization Nomura Securities and the Tender Offeror's board of directors confirmed that the Tender Offer Price was within the range of the relevant valuation results.

Given that the Tender Offeror has taken measures at the Tender Offeror and the Target Company in order to ensure the fairness of the Tender Offer Price and to measures to avoid conflicts of interest (specifically, for the reasons stated in "(i) Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization" through "(viii) Measures to Ensure Opportunities for Shareholders of the Target Company to Appropriately Determine Whether to Tender in the Tender Offer" in "②Background to Calculation" below "(iv) Share Valuation Report Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization" in "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)", the Tender Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion).

The results of the calculation by Nomura Securities of the share value per share of the Target Company Stock is as follows.

Market share price analysis	:	1,147 yen to 1,215 yen
Comparable company analysis:	:	1,162 yen to 2,398 yen
DCF Analysis	:	1,268 yen to 2,836 yen

For the market share price analysis, the record date was set as February 1, 2023, and the value per share of Target Company Stock was calculated to be in the range of 1,147 yen to 1,215 yen based on the

closing price of the Target Company Stock on the Tokyo Stock Exchange Standard Market on the record date (1,215 yen) and the simple average closing prices over the most recent five Business Days (1,210 yen), the most recent one-month period (1,185 yen), the most recent three-month period (1,162 yen), and the most recent six-month (1,147 yen) period.

For the comparable company analysis, a value per share of Target Company Stock in the range of 1,162 yen to 2,398 yen was calculated by comparing the market share prices and financial indicators showing the profitability, etc., of listed companies engaged in business similar to that of the Target Company.

The DCF Analysis resulted in a per share value of the Target Company Stock ranging from 1,268 yen to 2,836 yen, premised on various factors, including the earnings and investment plans set out in the business plans of the Target Company for the four fiscal years from the fiscal year ending March 2023 until the fiscal year ending March 2026 as well as publicly available information, etc., and after calculating the corporate value and share value of the Target Company by discounting the free cash flow that the Target Company is expected to generate in the future in and after the third quarter of the fiscal year ending March 2023 to the present value at a certain discount rate. The business plan of the Target Company that was used as the basis for the DCA Analysis does not contain any fiscal years in which a significant increase or decrease in earnings is expected.

In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not reflected because such effect on earnings is difficult to specifically estimate at this point in time.

In addition to the valuation results stated in the Tender Offeror Valuation Report which the Tender Offeror received from Nomura Securities, the Tender Offeror comprehensively took into account the results of due diligence conducted from early December 2022 through mid-January 2023, the fact that the price offered is not unusual in light of the premiums added when determining the purchase price in past tender offers by a non-issuer for shares having the purpose of a parent company making a consolidated subsidiary a wholly owned subsidiary (given that the Transaction is for the purpose of making a listed subsidiary of a listed parent company a wholly owned subsidiary, the premiums in the 39 other tender offers for the purpose of making a listed subsidiary of a listed parent company a wholly owned subsidiary announced after January 2019 (the average premium is 46.59% on the price immediately before the date of announcement, 47.47% on the preceding one-month period, 47.33% on the preceding three-month period, and 45.20% on the preceding six-month period, and the median premium is 44.42% on the price immediately before the date of announcement, 44.56% on the preceding one-month period, 43.12% on the preceding three-month period, and 43.64% on the preceding six-month period) the likelihood of the board of directors of the Target Company endorsing the Tender Offer, the market price movements of the Target Company Stock, and likelihood that shares would be tendered in the Tender Offer, and other factors, and based on the results of the discussions and negotiations with the Target Company, the Tender Offeror ultimately set the Tender Offer Price at 1,695 yen per share through a resolution at the meeting of the board of directors held today. The Tender Offer Price is above the upper limit of the range of the valuation results based on the market share price analysis in the Tender Offeror Valuation Report stated in “① Overview of Tender Offeror Share Valuation Report” in “(Background to the Decision of the Tender Offer Price)” in “② Background to Calculation” below, and is also within the range of the valuation results based on the DCF Analysis.

The Tender Offer Price of 1,695 yen per share represents a premium of 39.51% on the closing price of 1,215 yen of the Target Company Stock on the Tokyo Stock Exchange Standard Market as of February 1, 2023, the Business Day prior to the announcement of the Tender Offer, a premium of 43.04% on the simple average closing price of 1,185 yen over the one-month period ending on February 1, 2023, a premium of 45.87% on the simple average closing price of 1,162 yen over the three-month period ending on February 1, 2023, and a premium of 47.78% on the simple average closing price of 1,147 yen over the six-month period ending on February 1, 2023.

(Note) In calculating the value of the Target Company Stock, Nomura Securities used public information and information that was provided to Nomura Securities without any independent verification of accuracy and completeness on the assumption that the information is accurate and complete. Nomura Securities has not undertaken an independent evaluation, appraisal or assessment of the assets or liabilities (including financial derivatives, off-balance-sheet assets, and other contingent liabilities), on an aggregate or individual basis, of the Target Company or any of its affiliates, nor did it make any request to a third party for an appraisal or assessment. Nomura Securities has assumed that the financial projections (including profit plans and other information) of the Target Company had been reasonably prepared based on the best, faithful

projections and judgment currently available to the management of the Target Company and the Tender Offeror at this time. Calculations by Nomura Securities are based on the information available to Nomura Securities and economic conditions as of February 1, 2023, and the purpose of the calculation by Nomura Securities is only to serve as a reference for the board of directors of the Tender Offeror in reviewing the share price of the Target Company.

② Background to Calculation

(Background to the Decision of the Tender Offer Price)

In late-October 2022, after the Tender Offeror appointed Nomura Securities as a financial advisor and third-party valuation organization independent of the Tender Offeror Group including the Tender Offeror and the Target Company and Nishimura & Asahi as a legal advisor, the Tender Offeror commenced specific deliberations regarding the Transaction and made a proposal to the Target Company to make the Target Company a wholly owned subsidiary, and on November 2, 2022, submitted a preliminary letter of intent to the Target Company regarding the Transaction.

In response to this proposal from the Tender Offeror to the effect that it wanted to start discussions and deliberations toward the implementation of the Transaction, in mid-November 2022, the Target Company appointed City-Yuwa Partners as a legal advisor independent of the Target Company and the Tender Offeror in order to consider the merits of starting discussions with the Tender Offeror and conducting the Transaction, and to negotiate with the Tender Offeror. After asking Mizuho Securities, which has had a business relationship with the Target Company for some time, to estimate the details of the services to be provided and the costs of the provision of such services pertaining to the Transaction, it was determined that there was no problem with independence of Mizuho Securities from the Target Company and the Tender Offeror in respect of the Transaction including the Tender Offer for the reasons set out in “(a) Name of Valuation Organization and Its Relationship with the Target Company and the Tender Offeror” in “(iv) Share Valuation Report Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” below, and therefore, in mid-November 2022, Mizuho Securities was appointed as a financial advisor and third-party valuation organization independent of the Target Company and the Tender Offeror. Furthermore, on November 25, 2022, the Target Company established the Special Committee, which comprises independent outside directors, independent outside audit & supervisory board members, and an outside expert, in order to conduct deliberations on and negotiations, etc. for the Transaction from a standpoint independent of the Tender Offeror. The Special Committee approved the appointment of City-Yuwa Partners as a legal advisor and Mizuho Securities as financial advisor and third-party valuation organization of the Target Company in order to establish a system for conducting discussions and negotiations pertaining to the Transaction.

Based on that, the Tender Offeror and the Target Company commenced specific discussions and examinations for the Transaction from early December 2022.

The Tender Offeror conducted due diligence on the Target Company from early December 2022 to mid-January 2023 in order to closely examine the feasibility of the Transaction, and in parallel with that, held more detailed discussions with the Target Company and the Special Committee regarding the significance and purpose of the Transaction, the synergy effects expected to be created by the Transaction, the management structure and business policies after the Transaction, and conditions of the Transaction including the Tender Offer Price. The Tender Offeror discussed and negotiated with the Target Company on multiple occasions beginning on January 5, 2023 with respect to the Tender Offer Price. Specifically, the Tender Offeror made an initial proposal on January 5, 2023 with a Tender Offer Price of 1,525 yen, which represents a premium to the immediately preceding market price of the Target Company Stock, comprehensively taking into consideration the movements of the market price of the Target Company Stock, the likelihood that shares would be tendered in the Tender Offer, the progress of due diligence, and the content of the initial evaluation and analysis of the Target Company Stock by Nomura Securities (this is a 29.79% premium on the share price as of the one Business day preceding such date of 1,175 yen), but on January 13, 2023 the Target Company requested re-examination of the details of the proposal, saying that the Tender Offer Price was not at an appropriate level. Subsequently, in response to the Target Company’s request for the details of the proposal to be re-examined, the Tender Offeror made an offer for a Tender Offer Price of 1,585 yen on January 17, 2023 (this is a 34.89% premium on the share price as of the one Business day preceding such date of 1,175 yen), but on January 19, 2023, the Target Company requested re-examination of

the details of the proposal because of it being necessary to consider the interests of minority shareholders of the Target Company. On January 24, 2023, the Tender Offeror made an offer for a Tender Offer Price of 1,640 yen (this is a 38.98% premium on the share price as of the one Business day preceding such date of 1,180 yen), but on January 25, 2023, the Target Company requested that the Tender Offer Price be 1,820 yen (this is a 53.59% premium on the share price as of the one Business day preceding such date of 1,185 yen) based on the perspective of the interests of the minority shareholders of the Target Company. In light of this, the Tender Offeror made a proposal on January 30, 2023 of a Tender Offer Price of 1,685 yen, (this is a 41.36% premium on the share price as of the one Business day preceding such date of 1,192 yen) but on the same day, the Target Company requested that the content of the proposal be reconsidered from the perspective of giving further consideration to the benefit of minority shareholders. Subsequently, the Tender Offeror made a proposal on January 31, 2023 of a Tender Offer Price of 1,695 yen (this is a 39.97% premium on the share price as of the one Business day preceding such date of 1,211 yen).

As a result of these discussions and negotiations, the Tender Offeror and the Target Company agreed on the Tender Offer Price, and on January 1, 2023, the Tender Offeror received a response from the Target Company to the effect that it would accept the Tender Offeror's proposal, and agreed to set the Tender Offer Price at 1,695 yen.

As a result of those discussions and negotiations, in addition to agreeing on the Tender Offer Price, the Tender Offeror and the Target Company reached an agreement today that making the Target Company a wholly owned subsidiary of the Tender Offeror was the best way to respond to the changes in the business environment surrounding the Tender Offeror and the Target Company and increase the corporate value of both companies. As such, the Tender Offeror resolved in favor of conducting the Tender Offer at its board of directors meeting held today.

In determining the Tender Offer Price, the Tender Offeror requested its financial advisor Nomura Securities, which is a third-party valuation organization independent from the Tender Offeror Group including the Tender Offeror and the Target Company, to calculate the share value of the Target Company, and obtained the Tender Offeror Valuation Report with respect to the results of calculation of the share value of the Target Company on February 2, 2023.

Nomura Securities is not a related party of the Tender Offeror Group including the Tender Offeror and the Target Company and does not have a material interest in the Tender Offer.

The Tender Offeror determined and decided on the Tender Offer Price after it obtained the Tender Offeror Valuation Report from the third-party valuation organization Nomura Securities and the Tender Offeror's board of directors confirmed that the Tender Offer Price was within the range of the relevant valuation results.

Tender Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion).

An overview of the Tender Offeror Share Valuation Report and the reasons leading to the determination of the Tender Offer Price in light thereof are as follows.

① Overview of Share Valuation Report

Nomura Securities calculated the share price of the Target Company Stock using the different methods of market share price analysis, comparable company analysis, and DCF Analysis. The share price per share of Target Company Stock calculated based on these methods is as follows.

Market share price analysis:	1,147 yen to 1,215 yen
Comparable company analysis:	1,162 yen to 2,398 yen
DCF Analysis:	1,268 yen to 2,836 yen

② Reasons Leading to Determination of the Tender Offer Price in light of Tender Offeror Share Valuation Report

In addition to the valuation results stated in the Tender Offeror Valuation Report which the Tender Offeror received from Nomura Securities, the Tender Offeror comprehensively took into account the results of due diligence conducted from early December 2022 through mid-January 2023, the fact that the price offered is not unusual in light of the premiums added when determining the purchase price in past tender offers by a non-issuer for shares having the purpose of a parent company making a consolidated subsidiary a wholly owned subsidiary (given that the Transaction is for the purpose of making a listed subsidiary of a listed parent company a wholly owned subsidiary, the premiums in the 39 other tender offers for the purpose of making a listed subsidiary of a listed parent company a



wholly owned subsidiary announced after January 2019 (the average premium is 46.59% on the price immediately before the date of announcement, 47.47% on the preceding one-month period, 47.33% on the preceding three-month period, and 45.20% on the preceding six-month period, and the median premium is 44.42% on the price immediately before the date of announcement, 44.56% on the preceding one-month period, 43.12% on the preceding three-month period, and 43.64% on the preceding six-month period) the likelihood of the board of directors of the Target Company endorsing the Tender Offer, the market price movements of the Target Company Stock, and likelihood that shares would be tendered in the Tender Offer, and other factors, and based on the results of the discussions and negotiations with the Target Company, the Tender Offeror ultimately set the Tender Offer Price at 1,695 yen per share through a resolution at the meeting of the board of directors held today. The Tender Offer Price is above the upper limit of the range of the valuation results based on the market share price analysis in the Tender Offeror Valuation Report stated in “① Overview of Tender Offeror Share Valuation Report” above, and is also within the range of the valuation results based on the DCF Analysis.

(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)

Given that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transaction including the Tender Offer constitutes a material transaction with the controlling shareholder of the Target Company, and that the Transaction also constitutes a transaction that typically raises issues of structural conflicts of interest between the Tender Offeror and minority shareholders and information imbalance issues, the Tender Offeror and the Target Company are taking the following measures in response to such issues and to ensure the fairness of the Transaction.

As described in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase etc.” above, the Tender Offeror owns 9,494,226 shares of Target Company Stock (ownership ratio: 50.91%) as of this date, so the Tender Offeror believes that setting a so-called “majority of minority” minimum number of shares to be purchased in this Tender Offer would cause uncertainty in successfully completing the Tender Offer, and may not serve the interests of general shareholders wishing to tender their shares for the Tender Offer. For this reason, the Tender Offer sets no so-called “majority of minority” minimum number of shares to be purchased. Given the following measures taken by the Tender Offeror and the Target Company, the Tender Offeror believes sufficient consideration has been given to the interests of general shareholders of the Target Company.

(i) Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization

In determining the Tender Offer Price, the Tender Offeror requested its financial advisor Nomura Securities, which is a third-party valuation organization independent from the Tender Offeror Group including the Tender Offeror and the Target Company, to calculate the share value of the Target Company, and obtained the Tender Offeror Valuation Report with respect to the results of calculation of the share value of the Target Company as of today. Please see “① Basis of Calculation” above for the details of the Tender Offeror Valuation Report regarding the results of the calculation of the share value of the Target Company obtained by the Tender Offeror from Nomura Securities.

(ii) Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Target Company

(A) Background to the Establishment

According to the Target Company Press Release, the Target Company established the Special Committee by a resolution of the meeting of the Target Company’s board of directors held on November 25, 2022, as described in “(iii) Background to and Reasons for Decision-Making by the Target Company” in “① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above. Prior to such resolution, the Target Company confirmed that the candidates for the members of the Special Committee are independent of the Tender Offeror and that they do not have any material interests that differ from those of the general shareholders in the success or failure of the Transaction, and having consulted with the Target Company’s independent outside directors and independent outside audit & supervisory board members, and having obtained advice from City-Yuwa Partners and Mizuho Securities, appointed Tamon Tsuda

(independent outside director of the Target Company and certified public accountant), Fumi Shimizu (independent outside director of the Target Company and attorney-at-law), Hideo Yoshii (independent outside audit & supervisory board member of the Target Company and certified public accountant), and Arihiro Takanohashi (outside expert, board director of Japan Turnaround Partners Advisory, Inc) as the members of the Special Committee in order to ensure a balance of knowledge, experience, and abilities of the Special Committee as a whole while establishing a special committee of an appropriate size. Arihiro Takanohashi was among the candidates introduced by Mizuho Securities and City-Yuwa Partners, and the Target Company selected him as a member of the Special Committee after interviewing him and other candidates. There has been no change to the composition of the Special Committee since its establishment.

It is understood that the Target Company then established the Special Committee by a resolution of the meeting of the Target Company's board of directors held on November 25, 2022 and referred the Advisory Matters to the Special Committee, as described in "(iii) Background to and Reasons for Decision-Making by the Target Company" in "① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" in "1. Purpose of the Purchase" above. When establishing the Special Committee, the board of directors of the Target Company also passed a resolution that (i) the board of directors of the Target Company, which deliberates on the content of the opinion to be expressed regarding the Tender Offer, shall, in light of the purpose of establishing the Special Committee, respect the content of the Special Committee's report regarding the Advisory Matters to the maximum extent possible, and in particular, if the Special Committee determines that the terms of the transaction are not appropriate, the board of directors of the Target Company is to not endorse the Tender Offer, and (ii) the Special Committee is to be granted the authority to (a) negotiate with the Tender Offeror itself, and even if negotiations with the Tender Offeror are conducted by the Target Company's personnel or advisors, to substantially influence the negotiation process regarding the terms of the Transaction by receiving timely reports on the status thereof, giving its opinion on material aspects, giving instructions or making requests, and so forth, (b) appoint its own external advisors (meaning financial advisors, third-party valuation organizations, legal advisors, etc.) as necessary (in such cases, the Target Company will bear the expenses), or nominate or approve (including ex-post-facto approval ) any external advisors to be appointed by the Target Company (in addition, if the Special Committee determines that it can rely on the outside advisors appointed by the Target Company and seek their professional advice, it may make use of such outside advisors), and (c) request the officers and employees and outside advisors of the Target Company to gather any and all information necessary to make its report.

At the above meeting of the Target Company's board of directors, of the six directors of the Target Company, Mamoru Moriya and Katsuhiko Nakajima were officers and employees of the Tender Offeror, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transaction and to ensure the fairness of the Transaction, those directors did not participate in the deliberations and resolutions of the meeting of the board of directors. The above resolution was unanimously adopted after deliberation by the four directors other than these directors. In addition, of the five audit & supervisory board members of the Target Company, Shinya Yanagida and Keizo Kosaka did not attend the above meeting of the board of directors and refrained from expressing their opinions because they had been an officer of the Tender Offeror and a representative of the law firm engaged by the Tender Offeror, respectively. The three audit & supervisory board members other than the above two were present at the meeting, and are understood to have stated that they had no objection to the adoption of the above resolution.

(B) Background to the Consideration

The Special Committee met a total of 9 times between November 29, 2022 and February 1, 2023, for a total of approximately 11 hours, and also discussed and deliberated on the Advisory Matters by reporting, sharing information, examining, and making decisions between meetings.

Specifically, at the first meeting of the Special Committee held on November 29, 2022, the Special Committee confirmed that there were no problems with the independence and expertise of City-Yuwa Partners, the legal advisor to the Target Company, and Mizuho Securities, the financial advisor and third-party valuation organization of the Target Company, and approved the appointment thereof and confirmed that the Special Committee could also receive expert advice

from these advisors as necessary, and the Special Committee decided not to appoint its own outside advisors. In addition, as described in “(v) Establishment of Independent Consideration System at the Target Company” below, the Special Committee confirmed that the internal system for deliberating on the Transaction (including the scope of officers and employees of the Target Company to be involved in the deliberations, negotiation and decision-making regarding the Transaction and their duties) established at the Target Company is free of problems from the perspective of independence and fairness. The Special Committee then considered the measures to be taken to ensure the fairness of the procedures in the Transaction, based on the legal advice it received from City-Yuwa Partners.

Furthermore, it is understood that the Special Committee received from the Target Company explanations of, amongst other things, the contents, material assumptions, and background of preparation of the Target Company’s business plan and confirmed the reasonableness of these matters and approved them based on the advice from a financial perspective that was received from Mizuho Securities.

It is understood that the Special Committee received explanations from the Target Company about, amongst other things, the purpose and significance of the Transaction and its impact on the Target Company’s business, and conducted a question and answer hearing on these points, and also presented questions to the Tender Offeror and conducted a question and answer hearing with the Tender Offeror, in interview format and in writing, regarding the purpose and background of the Transaction, management policy after the Transaction, and the like.

In addition, as described in “(iv) Share Valuation Report Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization” below, Mizuho Securities calculated the share value of the Target Company Stock based on the business plan of the Target Company, and the Special Committee received from Mizuho Securities an explanation of the methods used to calculate the share value of the Target Company, the reasons for selecting such calculation methods, the details of the calculations based on each calculation method, and the material assumptions made, as well as the results of the calculation of the share value, and confirmed the reasonableness of these matters through questions and answers and deliberations and examinations.

In addition, as described in “(iii) Background to and Reasons for Decision-Making by the Target Company” in “① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above, since the Target Company received the proposal from the Tender Offeror with the Tender Offer Price of 1,525 yen per share from the Tender Offeror on January 5, 2023, the Special Committee has been in ongoing discussions and negotiations with the Tender Offeror through the Target Company’s financial advisor based on the results of calculation of the share value of the Target Company Stock and financial advice including the negotiation policy with the Tender Offeror that was received from Mizuho Securities, and guidance and other legal advice that was received from City-Yuwa Partners regarding the measures to ensure the fairness of the procedures in this Transaction. Specifically, after receiving a report from the Target Company that the Tender Offeror had made the first proposal, which included the Tender Offer Price of 1,525 yen per share on January 5, 2023, the Special Committee received reports to the effect that (i) the Tender Offeror had made a proposal to set the Tender Offer Price at 1,585 yen per share on January 17, (ii) the Tender Offeror had made a proposal to set the Tender Offer Price at 1,640 yen per share on January 24, (iii) the Tender Offeror had made a proposal to set the Tender Offer Price at 1,685 yen per share on January 30, and (iv) the Tender Offeror had made a proposal to set the Tender Offer Price at 1,695 yen per share on January 31, and after hearing from Mizuho Securities regarding its response policy and negotiation policy with the Tender Offeror, considered the proposal based on the advice from a financial perspective that was received from Mizuho Securities and the advice from a legal perspective that was received from City-Yuwa Partners. The Special Committee then expressed its opinion to the Target Company that it had no objection to requesting the Tender Offeror to reconsider the Tender Offer Price in each of these cases, and also expressed its opinion on matters to be discussed with the Tender Offeror in order to achieve the meaning and purpose of the Transaction for the Target Company, and was otherwise involved in the overall discussion and negotiation process regarding the conditions of the Transaction, including the Tender Offer Price, between the Target Company

and the Tender Offeror. As a result, the Target Company received a proposal from the Tender Offeror on January 31, 2023 that included the Tender Offer Price of 1,695 yen per share, and reached an agreement with the Tender Offeror on the same date, which included the Tender Offer Price of 1,695 yen per share.

Furthermore, the Special Committee has been briefed on multiple occasions regarding the content of each draft of the Target Company press release and the expression of opinion report that is planned to be announced or submitted by the Target Company and the drafts of the tender offer registration statement regarding the Tender Offer that is planned to be submitted by the Tender Offeror, and has confirmed that each party plans to make appropriate disclosures based on the advice of their respective legal advisors.

Through the above process, the Special Committee carefully discussed and deliberated on the Advisory Matters, and on February 2, 2023, submitted to the board of directors of the Target Company the Written Report with the following general content, which represents the unanimous opinion of the Special Committee.

(C) Details of the Decision

(a) Details of the Written Report

(i) The Transaction can be said to contribute to the corporate value of the Target Company, and is believed to be reasonable with a legitimate purpose.

(ii) Fairness is believed to have been ensured in the conditions of the Transaction, including the Tender Offer Price.

(iii) Fairness is believed to have been ensured in the negotiation process and procedures leading up to decision making.

(iv) The Transaction (including expressing an opinion approving the Tender Offer, recommending that shareholders of the Target Company accept the Tender Offer, and other decisions concerning procedures for the Transaction by the Target Company) is believed to not be harmful to the interests of the minority shareholders of the Target Company.

(v) Considering (i) through (iv) above, it is reasonable for the Target Company board of directors to issue an opinion approving the Tender Offer and to recommend that the shareholders of the Target Company participate in the Tender Offer.

(b) Reasons for the Written Report

(i) Legitimacy and reasonableness of the purpose of the Transaction (including improvement of Target Company corporate value through the Transaction)

Holistically considering the following points, the Transaction can be said to contribute to the improvement of the corporate value of the Target Company, and is believed to be for a legitimate purpose and reasonable.

- According to the Target Company, that in 2021, in conjunction with reviewing the positioning of its medium-to long-term business management guidelines “Vision2020,” the Target Company newly formulated a new “Medium-Term Management Vision (Vision2025)”, based on changes in the business environment such as countermeasures to global warming and conservation of resources and energy characterized by SDGs and ESG (environmental, social, governance) now being strongly required in corporate activities compared to previously, and changes in the market structure from previous China-focused manufacturing, such as supply chain diversity now being required in response to the impact of COVID-19 and rising labor costs in developing countries. We have been told that in its “Medium-Term Management Vision (Vision2025)”, the Target Company states as its basic strategy that it will expand its business as a trusted partner to its customers by providing high-value-added services (Value) by accurately grasping diversifying needs, leveraging the knowledge it has cultivated through its development proposal-based sales activities to date and its creativity and proposal-making capabilities as an engineering company, and that it will identify domestic and overseas demand trends and accelerate global growth, while also expanding its competitiveness and aggressively pursuing alliances, partnerships, and cooperation to expand business opportunities and market domains. In addition, in terms of international trends, we have been told that the Target Company sees renewable energy-related fields triggered by decarbonization, CASE areas in the automotive industry, and factory automation areas, including advanced industrial robots utilizing AI at production

sites supporting that production, as areas where sustainable growth can be expected in the medium-term, and it believes that by leveraging the knowledge it has accumulated to date, it has positioned rechargeable batteries and fuel cells, electrification, preventive safety and automated driving, and robotics-related products as core growth areas, and will make Target Company Group-wide efforts. In order for the Target Company Group to flexibly respond to such changes in the business environment and continuously increase its corporate value, it is necessary to secure business opportunities for the Target Company Group and to improve the overall efficiency of the corporate group, including accounting, finance, human resources, legal, information systems, etc. It can be determined that there are no particularly unreasonable points with regard to the foregoing explanation of the business environment and management issues based upon the contents of the interviews with the Target Company and Tender Offeror and other general public information.

- According to the Target Company, the Target Company becoming a wholly owned subsidiary of the Tender Offeror through the Transaction can be anticipated to have the synergistic effects of (i) promoting business expansion through strengthened ties with the Tender Offeror (promoting mutual utilization of business information, customer bases, management resources, etc., streamlining existing businesses, including domestic and overseas business, throughout the business of the Target Company by the Target Company utilizing the human resources of the Tender Offeror, consideration of sales route expansion from a long-term perspective, etc.), (ii) realizing decision-making with a high degree of speed and flexibility through integration with the Tender Offeror Group (as a result of being able to completely align the interests of the Tender Offeror and the Target Company, it would become possible for the Tender Offeror Group, including the Target Company, to make fast and flexible decisions that are not restricted due to considering the interests of minority shareholders), and (iii) reducing the costs of maintaining listed status. Since it can be determined that there are no particularly unreasonable points with regard to the content of the explanation, we think there is a certain reasonableness in the determination that carrying out the Transaction would contribute to improving the corporate value of the Target Company Group, in contrast to the Target Company continuing to develop its business independently as a listed company.

- Having analyzed the disadvantages that can be expected due to the delisting of the Target Company shares as a result of the Transaction through interviews with the Target Company and the Tender Offeror, etc., the impacts in terms of the impact on counterparties, impact on future funding, weakening of compliance systems, future hiring of personnel, impact on existing employees, etc. is believed to be limited and no particular possibility can be found of disadvantages that would outweigh the advantages expected from the Transaction.

(ii) Fairness of the conditions of the Transaction (including the Tender Offer Price)

Holistically considering the following points, it is believed that fairness has been assured in the conditions of the Transaction, including the Tender Offer Price.

- The Tender Offer Price exceeds the range of values calculated by Mizuho Securities through the market share price analysis, is within the range and of values and exceed the median price calculated through the DCF Analysis, and is the amount of within the range calculated based on a comparable company analysis. In this regard, considering the explanation of the valuation provided by Mizuho Securities, no particularly unreasonable aspects are apparent in the valuation method or in the specific valuation process under each method. Among these, the Target Company business plan used as the basis for the DCF Analysis includes changes to the financial targets provided in the “Medium-Term Management Vision (Vision2025).” According to the Target Company, having considered the immediate business environment as a result of the rapid depreciation in the value of the yen on medium-term foreign exchange markets, they formulated the business plan by determining the major framework of the business plan in late November 2022 and considering and validating detailed plan targets throughout the Target Company business by mid-December 2022. As a result of analysis through interviews, etc. with the Target

Company, holistically considering that no inappropriate participation by the Tender Offeror side was found in the formulation of this business plan, there are no particular circumstances apparent that would raise doubts as to the independence of the Target Company, (i) the business plan provides for targets that exceed the “Medium-Term Management Vision (Vision2025)” and there are no apparent circumstances to indicate that the plan targets were set arbitrarily by the Target Company based upon the existence of the Transaction based upon the process of formulating the business plan and the explanations provided by the Target Company concerning the principal assumptions, (ii) no particularly unreasonable aspects can be found in the explanation by the Target Company regarding the immediate business environment, [and (iii) the specific sales and operating income targets in the plan are expected to improve together with risk throughout the plan period], etc., no unreasonable aspects can be found in the contents of the business plan from the standpoint of the interests of the minority shareholders of the Target Company. As stated above, it is believed that the valuation of the Target Company shares by Mizuho Securities has a certain degree of reasonableness and that the Tender Offer Price is at a reasonable level considering the valuation results.

- In contrast to the situation in 46 cases of examples of tender offers by parent companies to take listed subsidiaries private (so-called discount cases, excluding cases that did not result in a successful tender and cases where squeeze-out procedures determined the share price) that were released in the “Fair M&A Guidelines” since June 28, 2019 through December 20, 2022 (average premium levels where 41.75% on the share price on the day immediately before the announcement day, 43.80% on the average share price of the most recent month, 42.91 % on the average share price of the most recent three months, 40.28% on the average share price of the most recent six months and the median was 43.45% on the share price on the day immediately before the announcement day, 43.64% on the average share price of the most recent month, 40.23 % on the average share price of the most recent three months, 40.82% on the average share price of the most recent six months ), it can be assessed that this premium is in line with premiums in other similar cases. Moreover, considering the long-term share price trend of the Target Company shares, it cannot necessarily be said that opportunities can be expected for minority shareholders of the Target Company to sell the Target Company shares at a level close to the Tender Offer Price, considering which, it is believed that there is a certain reasonableness for the Target Company and the Tender Offeror to agree on the Tender Offer Price of 1,695 yen per share of the Target Company Stock.

- The Tender Offer Price is less than the Target Company’s net asset value per share calculated based on the book value net asset amount as of the end of March 2022 but given that the book value net asset amount is only something that is assessed pursuant to accounting principles for assets, etc. that the Target Company holds on the presumption that the Target Company continues to be a going concern, it is not necessarily tied to the exchange value of the assets held by the Target Company. If the Target company were to be liquidated, there would likely be difficulties with asset sales surrounding assets of low liquidity held by the Target Company and the incursion of a variety of costs (such as costs for the closure of places of business, premium retirement benefits for employees, and attorneys’ fees for the liquidation of businesses including overseas subsidiaries) and therefore assets would not be converted at the book value net asset amount as it stands and considerable losses would be realized. It is rational to say that it is difficult to adopt the view that the book value net assets per share amount would be the minimum fair value price for the Target Company Stock. Accordingly, we believe that it is not appropriate to reject the rationality of the Tender Offer Price on the basis solely that it is lower than the Target Company’s net asset amount per share.

- In the Tender Offer, it is not expected that there will be any minimum number of shares to be purchased so as to require a so-called “majority of minority.” The “Fair M&A Guidelines” state that there are concerns, such as that imposing a majority of minority

condition in cases where the purchaser already holds a high percentage of the shares in the target company of a purchase may obstruct the completion of an M&A that would contribute to increasing corporate value, and that it is difficult to say that it is always desirable to impose such conditions. Holistically considering that the aforementioned concerns are reasonably applicable given the percentage of the Target Company shares owned by the Tender Offeror, that imposing such a condition may harm the interests of minority shareholders accepting the Tender Offer, that the fairness of the negotiation process and procedures for decision-making concerning the Transaction have been ensured in light of the status of implementation of other fairness measures, etc., the Special Committee thinks that the fairness of the conditions of the Transaction is not denied even if a majority of minority condition is not imposed on the Tender Offer.

- While the Demand for Cash-out or the Share Consolidation is expected in the Squeeze-out Procedures, the right of shareholders who do not accept the Tender Offer to demand the purchase of shares or the determination of pricing would be secure in either case under laws and regulations. The Tender Offeror has said that the Squeeze-out Procedures are expected to proceed promptly after the completion of the payment for the Tender Offer. It is furthermore expected that (i) in the case of the Demand for Cash-out, the Tender Offeror would deliver money to each shareholder in an amount equal to the Tender Offer Price, and (ii) in the case of the Share Consolidation, a petition would be made to a court for a voluntary sale approval, and the sale price delivered to shareholders who did not accept the Tender Offer for the total number of Target Company shares left over after the consolidation would be equal to the Tender Offer Price multiplied by the number of shares held by each shareholder. As provided above, the Transaction needs to handle the issue of so-called coercion, and it can be said that there is consideration for the interests of minority shareholders who do not accept the Tender Offer, and it is believed that the conditions for the Squeeze-out Procedures have a certain degree of reasonableness.

- As described in “(iii) Fairness of the negotiation process and procedures for decision-making concerning the Transaction” below, it is believed that fairness has been ensured in the negotiation process and procedures for decision-making concerning the Transaction, and it can be determined that the conditions of the Transaction, including the Tender Offer Price, were decided through such fair procedures.

(iii) Fairness of the negotiation process and procedures for decision-making concerning the Transaction

Holistically considering the points below, it is believed that fairness has been ensured in the negotiation process and procedures for decision-making concerning the Transaction.

- In considering the Transaction, the Target Company has established the Special Committee as part of the measures to ensure fairness from the perspective of eliminating arbitrariness and avoiding conflicts of interest in the decision-making process at the Target Company. The Special Committee was established prior to entering the specific negotiations of the Tender Offer Price, and no circumstances can be found to raise doubt as to the independence of the members. At the time it resolved to establish the Special Committee, the Target Company board of directors granted authority to the Special Committee: (i) for the Special Committee to negotiate directly with the Tender Offeror, and even if personnel, advisors, etc. of the Target Company negotiated with the Tender Offeror, to practically impact the negotiation process by receiving status reports from time to time, providing opinions on material aspects, giving instructions and making requests, etc.; (ii) to appoint external advisors, etc. specifically to the Special Committee as necessary (in which case the Target Company was to bear the expense), and to nominate or approve (including ex post facto approval) external advisors, etc. appointed by the Target Company; and (iii) to request that the officers, employees, external advisors, etc. of the Target Company collect all information necessary to make reports. In response, the Special Committee approved the financial advisor, third-party valuation organization, and legal advisor for the Target Company after confirming that there was no independence issue with any of them.

Moreover, at the time it resolved to establish the Special Committee, the Target Company board of directors resolved that the board of directors meeting to deliberate on the contents of the statement of opinion regarding the Tender Offer would give utmost respect to the report by the Special Committee, and that if the Special Committee determined that the conditions of the transaction were not appropriate, it would not agree to the Tender Offer, giving consideration to ensuring the effectiveness of the decisions by the Special Committee. As provided above, practical measures were employed to increase the effectiveness of the Special Committee, and the Special Committee considered and determined the need for the Transaction, reasonableness of the conditions, and fairness of the procedures from the standpoint of seeking to increase corporate value and benefit the minority shareholders.

- To ensure the fairness of the decision-making concerning the Transaction, the Target Company has obtained a share valuation report from Mizuho Securities, an independent financial advisor and third-party valuation organization, and has received legal advice from City-Yuwa Partners, an independent legal advisor, regarding the process and manner of decision-making by the Target Company's board of directors and other considerations in the decision-making process for the Transaction, including the Tender Offer. While the Target Company has not gone so far as to obtain a so-called fairness opinion from Mizuho Securities, it is understood in Japan that the effectiveness of fairness opinions as a measure to ensure fairness is not uniform in each case, and after considering the consideration process for the Transaction, it cannot be found that the circumstances require a fairness opinion to be obtained in order to consider whether to proceed with the Transaction, and we think that even if one is not obtained, the fairness of the negotiation process and decision-making process concerning the Transaction would not be denied.

- The Special Committee was substantively involved in the negotiation process by receiving reports from time to time on the progress and contents of discussions and negotiations with the Tender Offeror concerning the Tender Offer Price, having discussions on negotiation strategy and the like, expressing opinions to the Target Company on four occasions that an increase to the Tender Offer Price should be requested, etc., and no aspects are apparent in relation to this negotiation process that are particularly unreasonable from the standpoint of considering the interests of minority shareholders of the Target Company.

- Two of the six directors and one of the five audit & supervisory board members of the Target Company come from the Tender Offeror, and one of the audit & supervisory board members is the representative of a law firm engaged as a legal advisor to the Tender Offeror; however, considering the advice received from legal advisor City-Yuwa Partners, from the standpoint of eliminating the risk of an impact from structural conflicts of interest in the Transaction on the deliberation and resolutions by the Target Company's board of directors and ensuring the fairness of the Transaction, it is expected that the two aforementioned directors will not participate in the deliberation and resolution on the opinion regarding the Tender Offer, and that the two aforementioned audit & supervisory board members will refrain from giving opinions. Furthermore, we have been told that the four aforementioned officers will not be involved at all in the discussions and negotiations with the Tender Offeror on behalf of the Target Company from the standpoint of eliminating the risk of an impact from structural conflicts of interest in the Transaction. No other facts can be recognized from which an improper effect from a person of dubious independence from the Tender Offeror on the decision-making by the Target Company could be inferred in the discussion, consideration, and negotiation process concerning the Transaction.

- We have been told that by making the Tender Offer Period 32 business days, which is longer than the minimum period of 20 business days provided by laws and regulations, the Tender Offeror has ensured that the Target Company shareholders have an opportunity to deliberate on the need for the Transaction and the appropriateness of the Tender Offer Price and to make an appropriate decision as to whether to accept the Tender Offer. We have also been told that the Target Company and the Tender Offeror have not entered into any agreement that will restrict the Target Company from contacting any buyout offeror other



than the Tender Offeror, including any agreement containing a transaction protection clause that may forbid the Target Company from contacting an offeror other than the Tender Offeror (the “Competing Offeror”), and thus have given consideration to ensuring the fairness of the Tender Offer by not precluding the opportunity for competing offers, etc.

- There are plans to provide certain disclosures regarding information related to the Special Committee, information related to the valuation of the Target Company shares, other information related to the purposes, background, etc. leading to the carrying out of the Transaction, and information related to the specific progress of discussions and negotiations related to the transaction conditions, etc. between the Target Company and the Tender Offeror, etc. in the press release concerning the Transaction.

(iv) Whether the Transaction (including expressing an opinion approving the Tender Offer, recommending that the Target Company shareholders accept the Tender Offer, and other decisions concerning procedures for the Transaction by the Target Company) is detrimental to minority shareholders of the Target Company

As stated above, (i) it is believed that the Transaction can be said to contribute to improving the corporate value of the Target Company and is for a legitimate purpose and is reasonable, (ii) it is believed that fairness has been assured in the conditions of the Transaction, including the Tender Offer Price, and (iii) it is believed that fairness has been assured in the negotiation process and procedures for decision-making concerning the Transaction. Additionally, as no other particular circumstances have been found that should be considered as making the Transaction detrimental to the minority shareholders of the Target Company in other respects, (iv) the Transaction (including expressing an opinion approving the Tender Offer, recommending that shareholders of the Target Company accept the Tender Offer, and other decisions concerning procedures for the Transaction by the Target Company) is not believed to be detrimental to the minority shareholders of the Target Company

(v) Whether the Target Company board of directors should express an opinion approving the Tender Offer and recommend that the Target Company shareholders accept the Tender Offer considering (i) through (iv) above

Considering (i) through (iv) above, the Target Company board of directors expressing an opinion approving the Tender Offer and recommending that the shareholders of the Target Company accept the Tender Offer are both believed to be reasonable.

(iii) Advice Obtained from an Independent Legal Advisor to the Target Company

According to the Target Company Press Release, as described in “(ii) Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Target Company” above, the Target Company appointed City-Yuwa Partners as its legal advisor independent of the Target Company and the Tender Offeror, and has received legal advice including advice on measures to be taken to ensure the fairness of the procedures in the Transaction, and the method and process of decision-making of the Target Company regarding the Transaction and various procedures of the Transaction.

Further, City-Yuwa Partners is not a related party of the Target Company or the Tender Offeror, and does not have any material interest in the Transaction, including the Tender Offer.

Furthermore, the compensation of City-Yuwa Partners concerning the Transaction is fixed compensation that is paid whether or not the Transaction is successful, and there is no success fee conditional upon the announcement, completion, etc. of the Transaction. The Special Committee approved the selection of City-Yuwa Partners as the legal advisor to the Target Company at its first meeting on November 29, 2022, after confirming that there was no problem with the independence or expertise of City-Yuwa Partners.

(iv) Share Valuation Report Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization

(a) Name of Valuation Organization and Its Relationship with the Target Company and the Tender Offeror

According to the Target Company Press Release, as described in “(ii) Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Target Company” above, the Target Company appointed Mizuho Securities as a financial advisor and third-party valuation organization independent of the Target Company and the Tender Offeror, and received advice from a financial perspective, including advice on the valuation of the Target Company Stock and the negotiation policy with the Tender Offeror, and the Share Valuation Report dated February 1, 2023.

Further, Mizuho Securities is not a related party of the Target Company or the Tender Offeror, and does not have any material interest in the Transaction, including the Tender Offer.

Furthermore, while Mizuho Bank, Limited, a group company of Mizuho Securities, has extended financing, etc. in the course of ordinary banking transactions with the Tender Offeror, we have been told that it has no material relationship concerning a conflict of interest in relation to the Tender Offer. We have also been told that the compensation of Mizuho Securities concerning the Transaction does not include any success fee payable conditional upon the completion, etc. of the Transaction.

#### (b) Overview of the Calculation

Mizuho Securities, based on the approach that it is appropriate to calculate the value of the Target Company Stock from multiple perspectives after reviewing the calculation methods to be adopted in calculating the value of the Target Company Stock, they conducted a market share price analysis because the Target Company shares are listed on the Tokyo Stock Exchange Standard Market and have a market price, a comparable company analysis because there are multiple listed companies that operate businesses comparable to the Target Company and it is possible to infer a share price through comparison to the comparable companies, and a DCF Analysis to reflect the state of future business activities in the valuation. The ranges of prices per share calculated through each analysis method are as follows.

Market share price analysis: 1,147 yen to 1,215 yen

Comparable company analysis: 1,519 yen to 2,525 yen

DCF Analysis: 827 yen to 2,329 yen

In the market share price analysis, the range of prices per share was calculated as 1,147 to 1,215 yen based upon the closing price for the Target Company shares on the Tokyo Stock Exchange Standard Market on February 1, 2023, the business day before the publication of the Tender Offer (1,215 yen), the average closing price during the one-month period immediately prior to January 4, 2023 (1,185 yen), the average closing price during the three-month period immediately prior to November 2, 2022 (1,162 yen), and the average closing price during the six-month period immediately prior to August 2, 2022 (1,147 yen).

In the comparable company analysis, MISUMI Group Inc., TRUSCO NAKAYAMA Corporation, Elematec Corporation, Daitron Co., Ltd., Sun-Wa Technos Corporation and SUGIMOTO & CO., LTD were selected as listed companies expected to conduct businesses that, while not completely similar, are comparable to the Target Company, and the share price of the Target Company was calculated, using the enterprise value to EBITDA ratio, to be in a range between 1,519 and 2,525 yen.

In the DCF Analysis, the share price of the Target Company was calculated by discounting the free cash flow expected to be generated by the Target Company from the third quarter of the fiscal year ending in March 2023 based upon the financial forecasts and investment plan under the business plan prepared by the Target Company for the four fiscal years from the fiscal year ending March 2023 until the fiscal year ending March 2026 (the “Target Company Business Plan”), generally published information, and other factors, by a certain discount rate, resulting in a share price range between 827 and 2,329 yen. The discount rates used were between 6.4% and 8.4%, both perpetual growth and exit multiple analyses were carried out in the calculation of going concern value, the perpetual growth rates used for the perpetual growth analysis were between -1.0% and 1.0%, and the EBITDA multiples used for the exit multiple analysis were between 3.0% and 6.0%.

The specific Target Company consolidated financial forecast numbers used by Mizuho Securities as assumptions for the DCF Analysis calculation are as follows. These financial forecasts include fiscal years in which large free cash flow fluctuations are expected; to be specific, since the increase range of working capital is expected to decrease for the fiscal year ending March 31, 2024 due to the compression of inventory turnover period, the free cash flow is expected to increase temporarily.

As it is currently difficult to specifically estimate the impact on income from the synergistic effects expected to be realized by the Transaction, they are not included in the financial forecasts below, and were not included in the basis of the calculation by Mizuho Securities. There have been questions and answers sessions between the Target Company and Special Committee regarding these financial forecasts, and the Special Committee has confirmed the contents of these financial forecasts and the reasonableness of the assumptions, etc.

(Unit: JPY millions)

	Fiscal year ending March 31, 2023 (6 months)	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026
Net Sales	49,327	96,050	101,530	107,600
Operating Income	2,135	4,200	4,900	5,700
EBITDA	2,808	5,709	6,336	7,089
Free Cash Flow	294	2,165	1,135	1,302

(Note: In calculating the share value of the Target Company Stock, Mizuho Securities in principle used information provided by the Target Company, generally available information, and the like without independently verifying the accuracy and completeness thereof, on the assumption that the information is accurate and complete. Mizuho Securities assumed that the financial projections and other information relating to the future of the Target Company and its affiliates (including forecasts of future profit and expenses, expected cost savings, and business plans) had been reasonably prepared based on the best, good-faith projections and judgment currently available to the management of the Target Company at the time, and Mizuho Securities did not independently examine the feasibility thereof. Mizuho Securities did not undertake an independent evaluation, appraisal or assessment of the assets, liabilities (including financial derivatives, off-balance-sheet assets, and other contingent liabilities) or dividends of the Target Company, on an aggregate or individual basis, of the Target Company or any of its affiliates, nor did it make any request to a third party for an appraisal or assessment. Calculations by Mizuho Securities are based on the information available to Mizuho Securities and economic conditions as of February 1, 2023 (for financial information, up to the second quarter of the fiscal year ending March 2023) and it is said that the purpose of the calculations by Mizuho Securities is only to serve as a reference for the board of directors of the Target Company in reviewing the Tender Offer Price.)

- (v) Establishment of Independent Consideration System at the Target Company  
According to the Target Company Press Release, as described in “(iii) Background to and Reasons for Decision-Making by the Target Company” in “① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above, the Target Company has established a system within the Target Company to examine, negotiate and make decisions regarding the Transaction from a standpoint independent of the Tender Offeror from the viewpoint of eliminating structural conflicts of interest. Specifically, since November 2, 2022, when the Target Company was notified by the Tender Offeror

that it wished to commence discussions regarding the Transaction, the Target Company has not involved any person who was an officer or employee of the Tender Offeror or the Tender Offeror Group in the process of deliberation, negotiation, and decision-making regarding the Transaction, and has established a deliberation system comprising seven people (one director who is independent from the Tender Offeror, one executive officer of the Target Company, and five employees of the Target Company), and the Special Committee has been exclusively involved in the negotiation process between the Target Company and the Tender Offeror regarding the terms and conditions of the Transaction, including the Tender Offer Price, and in the process of preparing the Target Company Business Plan, which is the basis for the valuation of the Target Company Stock, and has continued to be exclusively involved in such handling up to the present day.

The system established within the Target Company to deliberate the Transaction (including the scope of officers and employees of the Target Company involved in the deliberation, negotiation and decision-making of the Transaction and their duties), including the measures described above, is based on the advice of City-Yuwa Partners, and has been confirmed by the Special Committee to be free of problems from the viewpoint of independence and fairness.

(vi) Approval of Directors of the Target Company Without Interest and Opinion of All Audit & Supervisory Board Members of the Target Company Without Interest That They Have No Objections

According to the Target Company Press Release, as described in “(iii) Background to and Reasons for Decision-Making by the Target Company” in “① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above, the Target Company carefully discussed and examined whether the Transaction, including the Tender Offer, would contribute to the enhancement of the Target Company’s corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, based on legal advice received from City-Yuwa Partners, advice from a financial perspective received from Mizuho Securities, and the Share Valuation Report, and respecting to the maximum possible extent the judgment of the Special Committee indicated in the Written Report.

As a result, as described in “(iii) Background to and Reasons for Decision-Making by the Target Company” in “① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above, the Target Company determined that becoming a wholly owned subsidiary of the Tender Offeror can be expected to create various synergies, and therefore the Transaction will contribute to enhancing the corporate value of the Target Company, that the Tender Offer Price of 1,695 yen per share is a reasonable price that ensures the benefits to be enjoyed by the minority shareholders of the Target Company and the Tender Offer provides the Target Company’s minority shareholders with a reasonable opportunity to sell their shares at a price with an appropriate premium, and therefore the terms of the Transaction including the Tender Offer Price are appropriate. As such, the board of directors of the Target Company, at a meeting held today, unanimously resolved to endorse the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer. The three audit & supervisory board members of the Target Company who attended that board of directors meeting each expressed the opinion that they had no objection to that resolution.

At the above meeting of the Target Company’s board of directors, of the six directors of the Target Company, Mamoru Moriya and Katsuhiko Nakajima were officers and employees of the Tender Offeror, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transaction and to ensure the fairness of the Transaction, those directors did not participate in the deliberations and resolutions of the board of directors meeting. The above resolution was unanimously adopted after deliberation by the four directors excluding these directors. Those directors who did not participate in the deliberations and resolutions were also not involved in the negotiations regarding the Transaction between the Target Company and the Tender Offeror on behalf of the Target Company. In addition, of the five audit & supervisory board members of the Target Company, Shinya Yanagida and Keizo Kosaka did not attend the above meeting of the board of directors and refrained from expressing their opinions because they had been an officer of the Tender Offeror and a representative of the law firm engaged by the Tender Offeror, respectively.

(vii) Measures to Ensure Opportunities for Other Purchasers to Purchase  
 The Target Company and the Tender Offeror have not entered into any agreement that will restrict the Target Company from contacting the Competing Offeror, including any agreement containing a transaction protection clause that may forbid the Target Company from contacting a Competing Offeror, and thus have given consideration to ensuring the fairness of the Tender Offer by not precluding the opportunity for competing offers.

(viii) Measures to Ensure Opportunities for Shareholders of the Target Company to Appropriately Determine Whether to Tender in the Tender Offer

As described in “(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)” in “1. Purpose of the Purchase etc.” above, the Tender Offeror has ensured that the shareholders of the Target Company will have an appropriate opportunity to make a decision as to whether to tender their shares in the Tender Offer, and has given consideration so that no coercion will result from such decision, given that (i) promptly after the completion of the settlement of the Tender Offer, the Tender Offeror plans to request the Target Company to hold the Extraordinary Shareholders Meeting, which will include in the agenda a Demand for Cash-Out of all of the Target Company Stock (excluding the Target Company Stock directly held by the Tender Offeror and the treasury shares held by the Target Company) in proportion to the number of shares acquired by the Tender Offeror upon the successful completion of the Tender Offer, or to partially amend the articles of incorporation to abolish the share unit provisions subject to the Share Consolidation and the taking effect of the Share Consolidation, and will not adopt any method that does not secure the right of the shareholders of the Target Company to demand the purchase of shares or to request the determination of the price, and (ii) the Tender Offeror has clarified that the amount of money to be delivered to the shareholders of the Target Company as consideration upon making the Demand for Cash-Out or the Share Consolidation will be calculated to be equal to the Tender Offer Price multiplied by the number of Target Company Stock held by each such shareholder (excluding the Target Company and the Tender Offeror).

In addition, the Tender Offeror has set the Tender Offer period at 32 Business Days, whereas the minimum period required by law for a tender offer is 20 Business Days. By setting a relatively long tender offer period, the Tender Offeror aims to secure an appropriate opportunity for the shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer.

③ Relationship with the valuation organization

Nomura Securities, a financial advisor and third-party valuation organization of the Tender Offeror, is not a related party of the Tender Offeror or the Target Company, and does not have a material interest in the Tender Offer.

(5) Number of Shares to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number shares to be purchased
9,154,184 (shares)	2,938,074 (shares)	– (shares)

(Note 1) The Tender Offeror will not purchase any of the Tendered Shares if the aggregate number of the Tendered Shares is less than the minimum number of shares to be purchased (2,938,074 shares). The Tender Offeror will purchase all of the Tendered Shares if the aggregate number of the Tendered Shares is equal to or greater than the minimum number of shares to be purchased.

(Note 2) Shares less than one unit are subject to the Tender Offer. If a shareholder exercises its right to demand the purchase of shares less than one unit under the Companies Act, the Target Company may conduct a stock buyback during the Tender Offer Period through the procedures provided for by law.

(Note 3) The Tender Offeror does not intend to acquire any treasury shares held by the Target Company in the Tender Offer.

(Note 4) As no maximum number of shares to be purchased in the Tender Offer has been set, the number of shares to be purchased is the maximum number of shares of the Target Company that the Tender Offeror acquires through the Tender Offer, or 9,154,184 shares. That maximum number is equal to the sum of the total number of issued Target Company Stock as of December 31, 2022 as stated in the

Target Company Target Company Financial Report (20,036,400 shares) less the number of treasury shares held as of September 30, 2022 as stated in the Target Company Quarterly Report (1,387,990 shares) and less the number of shares of common stock directly held by the Tender Offeror as of today (9,494,226 shares) (9,154,184 shares).

(6) Change in Ownership Ratio of Shares After the Tender Offer

Number of voting rights pertaining to shares held by the Tender Offeror before the purchase	94,942 voting rights	(Ownership ratio of shares before the purchase: 50.91%)
Number of voting rights pertaining to shares held by specially related parties before the purchase	0 voting rights	(Ownership ratio of shares before the purchase: 0.00%)
Number of voting rights pertaining to shares held by the Tender Offeror after the purchase	186,484 voting rights	(Ownership Ratio of shares after the purchase: 100.00%)
Number of voting rights pertaining to shares held by specially related parties after the purchase	0 voting rights	(Ownership Ratio of shares after the purchase: 0.00%)
Number of voting rights of all shareholders, etc. of the Target Company	186,385 voting rights	

(Note 1) The “Number of voting rights pertaining to shares held by specially related parties before the purchase” is the total of the number of voting rights pertaining to shares held by each specially related party (excluding specially related parties excluded from the specially related parties for the purpose of calculation of the ownership ratio of shares under each item of Article 27-2(1) of the Act, pursuant to Article 3, paragraph 2, item 1 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers (Ministry of Finance Order No. 38 of 1990, as amended; the “Cabinet Office Order”). Because shares held by specially related parties (excluding treasury shares held by the Target Company) are also subject to the Tender Offer, the “Number of voting rights pertaining to shares held by specially related parties after the purchase” is stated as 0 voting rights. The Tender Offeror plans to confirm the shares of the Target Company held by specially related parties from today and then disclose the content of any correction if it is necessary to make any corrections.

(Note 2) The “Number of voting rights of all shareholders, etc. of the Target Company” is the total number of voting rights of all shareholders as of September 30, 2022 as stated in the Target Company Quarterly Report (in which one share unit is stated as 100 shares). However, because shares less than one unit are also subject to the Tender Offer, the number of voting rights (186,484 voting rights) pertaining to the number of shares (18,648,410 shares) equivalent to the sum of the total number of issued shares of the Target Company as of December 31, 2022 as stated in the Target Company Financial Report (20,036,400 shares) less the number of treasury shares held by the Target Company as of September 30, 2022 as stated in the Target Company Quarterly Report (1,387,990 shares) is used as the denominator when calculating the “Ownership ratio of shares before purchase” and the “Ownership ratio of shares after purchase”

(Note 3) The “Ownership ratio of shares before purchase” and the “Ownership ratio of shares after purchase” are rounded to the nearest two decimal places.

(7) Purchase Price 15,516 million yen

(Note) The purchase price is stated as the amount that results from multiplying the number of shares to be purchased (9,154,184 shares) by the Tender Offer Price (1,695 yen).

(8) Settlement Method

- ① Name and Head Office Location of Financial Instruments Business Operator, Bank, and Any Other Institution Conducting Settlement of Purchase

- ② Commencement Date of Settlement  
March 29, 2023 (Wednesday)
- ③ Settlement Method  
Promptly after the end of the Tender Offer Period, a notice of purchase through tender offer will be sent to the address of each person who intends to accept the offer for the purchase, or to make an offer for the sale, etc. of their shares in connection with the Tender Offer (the “Tendering Shareholder”) (if a Tendering Shareholder resides outside Japan and does not hold an account at the tender offer agent from which transactions can be made (including corporate shareholders, etc.), to that person’s standing proxy). The purchase will be made in cash.  
The Tendering Shareholder will be able to receive the sales proceeds from the Tender Offer without delay after the settlement commencement date by remittance or another method instructed by the Tendering Shareholder (remittance fees may apply).
- ④ Method of Return of Shares  
If all of the Tendered Shares are not purchased pursuant to the terms set forth below in “① Existence and Details of Conditions Set Forth in Each Item of Article 27-13, Paragraph (4) of the Act” and “② Existence of Conditions of Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosure of Withdrawal” in “(9) Other Terms and Conditions and Methods of Purchase”, promptly on or after two Business Day two after the last day of the Tender Offer Period (if the tender offer is withdrawn, etc., the Business Day after the withdrawal, etc. date), the shares to be returned will be returned to the registration status immediately preceding the tender application in the Tendering Shareholder Account of the tender offer agent (if the tendered shares are to be returned to the account of the Tendering Shareholder opened at another financial instruments business operator, etc., please check with the head office or nationwide branches of the tender offer agent that received the tender application).  
\* Special measures may be taken to stop the spread of COVID-19, including temporary closures of branch over the counter operations. For further details, please contact the head office or any of the nationwide branches of the tender offer agent. In addition, please refer to the website of the tender offer agent (<https://www.nomura.co.jp/>) for information on the affected locations and the special measures to be taken.
- (9) Other Terms and Conditions and Methods of Purchase
- ① Existence and Details of Conditions Set Forth in Each Item of Article 27-13, Paragraph (4) of the Act  
The Tender Offeror will not purchase any of the Tendered Shares if the total number of the Tendered Shares is less than the minimum number of shares to be purchased (2,938,074 shares). The Tender Offeror will purchase all of the Tendered Shares if the total number of the Tendered Shares is equal to or greater than the minimum number of shares to be purchased (2,938,074 shares).
- ② Existence of Conditions of Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosure of Withdrawal  
The Tender Offer may be withdrawn, etc. if any of the circumstances set forth in Article 14(1)(i)(a) through (j), (m) through (s), Article 14(1)(iii)(a) through (h), (j), and Article 14(2)(iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the “Order”) arises. “Facts equivalent to those set forth in (a) to (i)” set forth in Article 14(1)(iii)(j) means (i) the discovery of a falsehood with respect to a material matter stated in, or an omission of a material matter that should be stated in, a statutory disclosure document submitted by the Target Company in the past, and the Tender Offeror did not know of such falsehood, etc. and could not have known of it even with due care, or (ii) facts set forth in (a) to (g) of the same item have occurred at a material subsidiary of the Target Company. Any withdrawal, etc., will be notified by electronic public notice, and that will be published in the Nihon Keizai Shimbun; provided, however, that if it is difficult to provide public notice by the last day of the Tender Offer Period, a public announcement will be made by the method stipulated in Article 20 of the Cabinet Office Order, and

public notice provided immediately afterwards.

③ Existence of Conditions for Reduction in Purchase Price, Details Thereof, and Method of Disclosure of Reduction

If the Target Company conducts an act set forth in Article 13(1) of the Order during the Tender Offer Period, pursuant to Article 27-6(1)(i) of the Act, the purchase price may be reduced in accordance with the criteria set forth in Article 19(1) of the Cabinet Office Order. Any reduction of the purchase price will be notified by electronic public notice, and that will be published in the Nihon Keizai Shimbun; provided, however, that if it is difficult to provide public notice by the last day of the Tender Offer Period, a public announcement will be made by the method stipulated in Article 20 of the Cabinet Office Order, and public notice provided immediately afterwards. If the purchase price is reduced, Tendered Shares prior to the date of such public announcement will be purchased at the reduced purchase price.

④ Matters Relating to the Tendering Shareholders' Right to Contract Cancellation

A Tendering Shareholder may cancel its contract with respect to the Tender Offer at any time during the Tender Offer Period. Cancellation of a contract should be conducted by delivering or sending a written document stating the intention to cancel the contract with respect to the tender offer (a "Cancellation Document") to the head office or a branch office of the entity specified below where the contract was made by 3:30 PM on the last day of the Tender Offer Period. If sent, the Cancellation Notice must arrive before 3:30 PM on the last day of the Tender Offer Period.

Cancellation of a contract made through the online service may be conducted through the online service (<https://hometrade.nomura.co.jp/>) or by delivery or sending of a Cancellation Document. If cancelling through the online service, please follow the onscreen instructions and complete the cancellation procedure by 3:30 PM on the last day of the Tender Offer Period. A contract made in-store cannot be cancelled through the online service. If delivering or sending a Cancellation Document, please request a Cancellation Document form from a retail location in advance, and deliver or send the Cancellation Document to that retail location by 3:30 PM on the last day of the Tender Offer Period. If sent, the Cancellation Document must arrive before 3:30 PM on the last day of the Tender Offer Period.

\* Special measures may be taken to stop the spread of COVID-19, including temporary retail location closures. For further details, please contact the head office or any of the nationwide branches of the tender offer agent. In addition, please refer to the website of the tender offer agent (<https://www.nomura.co.jp/>) for information on the affected locations and the special measures to be taken.

Entity authorized to receive Cancellation Document

Nomura Securities Co., Ltd. 13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo  
(and other branch offices of Nomura Securities Co., Ltd.  
throughout Japan)

The Tender Offeror will not claim damage compensation or a penalty from the Tendering Shareholder even in the event the Tendering Shareholder cancels the agreement. The Tender Offeror will bear costs for the return of the Tendered Shares. If there is a request for cancellation, Tendered Shares will be returned by the method set forth in "④ Method of Return of Shares" in "(8) Settlement Method" above promptly after the completion of procedures for such cancellation request.

⑤ Method of Disclosure Where Terms and Conditions of Purchase are Changed

The Tender Offeror may change the purchase terms, etc. during the Tender Offer Period, unless prohibited from doing so by Article 27-6(1) of the Act or Article 13(2) of the Order. Any changes to the purchase terms, etc. will be notified by electronic public notice, and that will be published in the Nihon Keizai Shimbun; provided, however, that if it is difficult to provide public notice by the last day



of the Tender Offer Period, a public announcement will be made by the method stipulated in Article 20 of the Cabinet Office Order, and public notice provided immediately afterwards. If the purchase terms, etc. are changed, Tendered Shares prior to the date of such public announcement will be purchased according to the changed purchase terms, etc.

⑥ Method of Disclosure Where an Amended Statement is Submitted

If a notice of correction is submitted to the Director-General of the Kanto Local Finance Bureau (excluding if it is specified in the proviso in Article 27-8(11) of the Act), we will immediately provide public notice of the details in the notice of correction that apply to the details of the tender offer commencement notice by the method set forth in Article 20 of the Cabinet Office Order. We will immediately correct the tender offer explanation document, and also deliver a corrected tender offer explanation document to Tendering Shareholders, etc. to whom we have already supplied the tender offer explanation document; provided, however, that for minor corrections, we will prepare a document containing the reasons for correction, corrected matters, and contents after the correction and deliver this in writing to the Tendering Shareholders, etc.

⑦ Method of Disclosure of the Results of the Tender Offer

We will announce the results of the Tender Offer on the day after the end of the Tender Offer Period by the method set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order.

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

February 3, 2023 (Friday)

(11) Tender Offer Agent

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

3. Post-Tender Offer Policies and Future Outlook

See “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above.

4. Other Matters

(1) Existence and Details of Agreements Between the Tender Offeror and the Target Company or its Officers

① Whether There is Agreement Between the Tender Offeror and the Target Company and the Content Thereof  
According to the Target Company Press Release, the Target Company resolved, at its board of directors meeting held today, expressing its support for the Tender Offer and recommending that its shareholders to tender their shares in the Tender Offer.

For details of the Target Company’s decision, please refer to the Target Company Press Release and the section “(vi) Approval of Directors of the Target Company Without Interest and Opinion of All Audit & Supervisory Board Members of the Target Company Without Interest That They Have No Objections” in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” above.

② Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

See “(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purpose of the Purchase etc.” above.

③ Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

See “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “② Background to Calculation” in “(4) Calculation Basis for the Purchase Price” in “2. Overview of the Purchase” above.

(2) Other Information Necessary for the Investors to Decide on Whether to Tender in the Tender Offer

① Release of Consolidated Financial Report (Japanese Standards) for the Nine Months Ended December 31, 2022

The Target Company released the Target Company Financial Report as of January 31, 2023. Please refer to the contents of that announcement for details.

② Notice of Revisions to Year-End Dividend Forecast (No Dividend)

It is said that at the board of directors meeting held on February 2, 2023, the Target Company resolved to revise the Target Company's expected dividends for the fiscal year ended March 31, 2023, and not to pay a dividend for the fiscal year ended March 31, 2023, conditional on the Tender Offer being completed successfully. Please refer to the "Notice of Revisions to Year-End Dividend Forecast (No Dividend)" announced by the Target Company on February 2, 2023 for details.

End

**[Soliciting Regulations]**

This press release is intended to announce the Tender Offer to the general public and is not intended to solicit an offer to sell any securities including share certificates, etc. If a shareholder wishes to tender his or her shares, each shareholder is requested to exercise his/her own judgment after carefully reading the explanatory statement concerning the Tender Offer. This press release is not, and does not constitute any part of, an offer or solicitation of sales, or a solicitation of purchase offer, of securities. This press release (or any part of it) or the fact of its distribution does not provide a basis for any agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

**[Forward-Looking Statements]**

This press release and its reference materials contain forward-looking statements concerning the outlook for business development based on the views of the Tender Offeror's management in case the Tender Offeror has acquired the TECHNO ASSOCIE Co., Ltd. shares. This information, including the information concerning the future business of the Tender Offeror, other companies, etc., may include forward-looking expressions such as "look for," "expect," "aim at," "schedule," "convinced of," "predict," "intend," "plan," "believe," and "anticipate." Such statements are based on the Tender Offeror's current projections regarding future businesses and the actual results could differ significantly from these forward-looking statements due to many factors. The Tender Offeror, the Target Company or their affiliates assume no obligation to update or modify these forward-looking statements in order to reflect any events or circumstances in the future.

**[Regulations of the United States]**

The Tender Offer is to be conducted in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act of Japan. However, such procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended (hereinafter the same), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards.

Unless otherwise provided, all procedures for the Tender Offer shall be conducted entirely in the Japanese language. Some or all of the documents relating to the Tender Offer are or will be prepared in the English language. However, should there be any inconsistency between the document in English and that in Japanese, the Japanese document shall prevail.

This press release and its reference materials contain "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the projections, etc. as expressly or implicitly indicated in any "forward-looking statements." None of the Tender Offeror, the Target Company or their affiliates gives any assurance that such projections, etc. expressly or implicitly indicated in any "forward-looking statements" will result in being correct. The "forward-looking statements" in this press release and its reference materials have been prepared based on the information held by the Tender Offeror and the Target Company as of the date of this press release and its reference materials, and unless otherwise required by applicable laws and regulations, none of the Tender Offeror, the Target Company or their affiliates is obligated to update or modify such statements in order to reflect any events or circumstances in the future. The financial statements contained in this press release and its reference materials have been prepared based on the Japanese accounting standards, which may substantially differ from the U.S. accounting standards or those of other countries. Moreover, as the Tender Offeror and the Target Company are companies incorporated outside the U.S. and all or some of their directors are non-U.S. residents, it may be difficult to enforce any rights or claims arising under the U.S. federal securities laws. In addition, it may not be possible to commence legal actions against a non-U.S. company or its directors in a non-U.S. court on the grounds of a violation of the U.S. securities laws. Furthermore, a company incorporated outside the U.S. and its subsidiaries and affiliates may not necessarily be compelled to submit to the jurisdiction of U.S. courts.

The Tender Offeror, its affiliates, the financial advisors to the Tender Offeror and the Target Company, and the Tender Offer Agent, including their affiliates, may, within their ordinary course of business and to the extent permitted under the related Japanese financial instruments and exchange laws and regulations and other applicable laws and regulations, purchase or take actions to purchase the Target Company Stock listed on the Standard Market of the Tokyo Stock Exchange for their own account or for their customers' accounts outside the Tender Offer before the commencement of, or during, the Tender Offer Period in accordance with the requirements under Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. The purchase may be conducted at market prices through market transactions or at prices negotiated outside the market. If any information concerning such purchase is disclosed in Japan, disclosure of such information will also be made in the English language on the website (or by another disclosure method) of the party conducting such purchase or its affiliate.

**[Other Countries]**

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, please note and comply with such restrictions. Regardless of whether this press release is received in any such countries or regions where the implementation of the Tender Offer is unlawful, this press release does not constitute any solicitation of an offer to sell or offer to purchase securities including share certificates concerning the Tender Offer, and is being distributed merely for informational materials.