



(Translation)

June 10, 2025

To whom it may concern:

Company Name: Tokyo Cosmos Electric Co., Ltd.
Representative: Yoshiki Iwasaki, Representative Director, President
(Code No.: 6772 Tokyo Stock Exchange Standard Market)
Inquiries: Jun Kubota, Director
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**Announcement Regarding Expression of Opinion
in Favor of the Scheduled Commencement of the Tender Offer for the Company's Shares by Bourns
Japan Holdings LLC and Recommendation for the Tender Offer.**

The Company resolved at its board of directors meeting held today that as the current opinion of the Company, if the Tender Offer (the "Tender Offer") for the common shares of the company (the "Company Shares") by the tender offeror (the "Tender Offeror") is commenced, the Company will express an opinion in favor of the Tender Offer and recommend that its shareholders tender the Company Shares in the Tender Offer.

According to the Tender Offeror, As stated in our May 1, 2025 notice regarding the receipt of shareholder proposals, in light of the fact that a shareholder proposal regarding the appointment of directors has been submitted for the Company's 68th annual general meeting of shareholders to be held in June 24, 2025 (the "Annual General Meeting of Shareholders"), the tender offeror anticipates that the Annual General Meeting of Shareholders will serve as an important opportunity for our shareholders to determine our management policies and the persons entrusted with the management of the company.

In light of this, according to the Tender Offeror, the Tender Offeror intends to announce by the date of the regular shareholders' meeting that it plans to implement the transaction for the purpose of making the Company a wholly owned subsidiary of the tender offeror, and to present the transaction as one of the important topics at the Annual General Meeting of Shareholders, thereby providing the shareholders of the Company with information necessary to make a decision regarding the future management policy and management of the Company. The tender offeror believes that this will be beneficial to the shareholders of the Company.

According to the Tender Offeror, The Tender Offeror has determined that it would be beneficial for the Company's shareholders to publicly announce the Transactions by the time of the Annual General Meeting of Shareholders and has therefore made this announcement today.

Additionally, according to the Tender Offeror, as of the current status, where a proposal for the distribution of retained

earnings is scheduled to be submitted at the Annual General Meeting of Shareholders (please refer to our “Notice Regarding the Distribution of Retained Earnings” dated May 12, 2025), there is a possibility that the amount of retained earnings to be distributed may be increased through a resolution adopted by the shareholders of the Company. Therefore, the tender offeror has determined that it cannot commence the tender offer unless it confirms the amount of retained earnings to be distributed as resolved at the upcoming regular shareholders' meeting and determine the purchase price for the public tender offer (hereinafter referred to as the “public tender offer price”) accordingly. As stated above, the start of the Tender Offer was announced today.

Furthermore, based on the Tender Offer agreement that the Tender Offeror executed with the Company as of today (the “Tender Offer Agreement”) (please see “① Tender Offer Agreement” in “4. Matters Concerning Important Agreements Related to the Tender Offer” below), the Tender Offeror intends to commence the Tender Offer promptly if the conditions precedent (Defined in “(2) Basis and reasons for the opinion” in “3. Details of the opinion on the tender offer” below. The same applies hereinafter.) are satisfied or waived by the Tender Offeror.

As of today, the Company plans to hold the Annual General Meeting of Shareholders on June 24, 2025. According to the Tender Offeror, if the Annual General Meeting of Shareholders is held on June 4, 2025 and the Conditions Precedent are satisfied or waived by the Tender Offeror, the Tender Offeror intends to commence the Tender Offer on June 30, 2025 (tentative) after the Annual General Meeting of Shareholders. Although the expected timing of the commencement of the Tender Offer may be changed, as of today, the Tender Offeror has no intention to withdraw the expected commencement date of the Tender Offer or withdraw the Tender Offer after its commencement. The Tender Offeror will promptly make an announcement if there is any change in the expected timing of the commencement of the Tender Offer.

For this reason, as stated in “⑤ Approval by all directors (including audit committee members) who do not have any interest in the Company” under “(6) Measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, and other measures to ensure the fairness of the transaction including the tender offer” in “3. Details, basis, and reasons for the opinion on the Tender Offer”, upon the commencement of the Tender Offer, the board of directors has resolved to consult with the Special Committee (Defined in “(2) Basis and Reasons for Opinions” under “3. Details, basis, and reasons for Opinions regarding the Tender Offer” below, specifically in “③ Process and Reasons for the Company's Decision to Support the Tender Offer” under “(i) Proposal from the Tender Offeror and Establishment of Review Mechanisms.” The same applies below.) to determine whether there has been any change in the opinion expressed by the Special Committee to the board of directors, and to request the Special Committee to inform the board of directors, if there has been no change, of that fact, and if there has been a change, to inform the board of directors of the changed opinion. Furthermore, based on such opinion, the board of directors has resolved to make a new statement of opinion regarding the Tender Offer at the time the Tender Offer commences.

In addition, the above resolution of the Board of Directors was made on the assumption that the Tender Offeror intends to make the Company a wholly owned subsidiary of the Tender Offeror through the Tender Offer and subsequent procedures, and that the Company's shares are scheduled to be delisted.

1. Outline of the Tender Offeror

The overview of the Tender Offeror is as follows.

①	Name	Bourns Japan Holdings LLC	
②	Location	c/o CSC 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808 USA	
③	Title/Role and Name of Representative	Albert Scott Yost, Chairman of the Board of Managers	
④	Business Activities	Acquisition and ownership of the Company Shares, etc.	
⑤	Capital	1,000 U.S. dollars (as of today) (Note1)	
⑥	Date of Incorporation	May 16, 2025	
⑦	Major Shareholders and Shareholding Ratios (As of May 16, 2025)	Bourns, Inc.	100.0%
⑧	Relationship Between the Listed Company and the Tender Offeror		
⑨	Capital Relationship	Not applicable.	
⑩	Human Relationship	Not applicable.	
⑪	Business Relationship	The Company purchases variable resistors from Bourns Inc., the parent company of the Tender Offeror, in the amounts of 23 million yen (fiscal year 2022), 4 million yen (fiscal year 2023), and 11 million yen (fiscal year 2024), and sell them to the Company's customers in Japan.	
⑫	Status as a Related Party	Not applicable.	

(Note 1) Approximately 144,900 yen (The conversion from U.S. dollars to Japanese yen is calculated at the exchange rate of 1 U.S. dollar = 144.90 yen, which is the middle rate of the Bank of Mitsubishi UFJ, Ltd. as of June 9, 2025.)

2. Tender Offer Price

8,075 yen per share of common stock (the "Tender Offer Price")

3. Details, Basis, and Reasons for Opinion regarding the Tender Offer

(1) Details of the Opinion

At the Board of Directors meeting held today, based on the grounds and reasons set forth in “(2) Basis and Reasons for Opinion” below, the Company has resolved to express our opinion that, if the Tender Offer is commenced, the Company will support the Tender Offer and recommend that our shareholders participate in the Tender Offer.

According to the Tender Offeror, As stated in our May 1, 2025 ” notice regarding the receipt of shareholder proposals”, in light of the fact that a shareholder proposal regarding the appointment of directors has been submitted for the Annual General Meeting of Shareholders, the Tender Offeror anticipates that the Annual General Meeting of Shareholders will serve as an important opportunity for our shareholders to determine our management policies and the persons entrusted with the management of the company.

In light of this, according to the Tender Offeror, the Tender Offeror intends to announce by the date of the regular shareholders' meeting that it plans to implement the transaction for the purpose of making the Company a wholly owned subsidiary of the tender offeror, and to present the transaction as one of the important topics at the Annual General Meeting of Shareholders, thereby providing the shareholders of the Company with information necessary to make a decision regarding the future management policy and management of the Company. The tender offeror believes that this will be beneficial to the shareholders of the Company.

According to the Tender Offeror, The Tender Offeror has determined that it would be beneficial for the Company’s shareholders to publicly announce the Transactions by the time of the Annual General Meeting of Shareholders and has therefore made this announcement today.

In light of these circumstances, upon the commencement of the Tender Offer, the board of directors has resolved to consult with the Special Committee (Defined in “(2) Basis and Reasons for Opinion” under “3. Details, basis, and reasons for Opinions regarding the Tender Offer” below, specifically in “(3) Process and Reasons for the Company’s Decision to Support the Tender Offer” under “(i) Proposal from the Tender Offeror and Establishment of Review Mechanisms.” The same applies below.) to determine whether there has been any change in the opinion expressed by the Special Committee to the board of directors, and to request the Special Committee to inform the board of directors, if there has been no change, of that fact, and if there has been a change, to inform the board of directors of the changed opinion. Furthermore, based on such opinion, the board of directors has resolved to make a new statement of opinion regarding the Tender Offer at the time the Tender Offer commences. The above resolution of the board of directors was adopted by the method described in “e. Unanimous Approval of All Disinterested Directors (Including Audit Committee Members) of the Company” under “(6) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer.

(2) Basis and Reasons for Opinion

The information provided in “(2) Basis and Reasons for Opinion” regarding the tender offeror is based on explanations received from the Tender Offeror.

① Outline of the Tender Offer

The Company has received the following explanation from the Tender Offeror regarding the outline of the Tender Offer. The Tender Offeror has executed with the tender offer agreement (the “Tender Offer Agreement”) with the Company as of today. According to the Tender Offeror, the Tender Offeror has decided that, subject to the fulfillment of the conditions precedent set forth in (i) through (v) below (the “Conditions Precedent”) or their waiver by the Tender Offeror, it will conduct the Tender Offer for all of the shares of the Company (excluding treasury shares held by the Company) as part of the Transaction.

based on the Tender Offer agreement that the Tender Offeror executed with the Company as of today (the “Tender Offer Agreement”), the Tender Offeror intends to commence the Tender Offer promptly if the conditions precedent (However, this excludes treasury stock owned by the Company.) are satisfied or waived by the Tender Offeror.

- (i) A resolution of the Company’s board of directors to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer (the “Support Resolution”) has been duly adopted by the Company’s board of directors, publicly disclosed in accordance with applicable laws and regulations, and has not been withdrawn, amended, or contradicted by any conflicting board resolution of the Company.
- (ii) The Special Committee has lawfully and validly issued a recommendation to the Company’s board of directors to adopt a resolution expressing support for the Tender Offer, and such recommendation has been publicly disclosed via the Company’s press release and has not been withdrawn or amended.
- (iii) Annual General Meeting of Shareholders of the Company has concluded.
- (iv) No judgment, decision, or indication has been issued by any judicial or administrative authority asserting that the Tender Offer or the acceptance thereof is restricted, prohibited, or in violation of applicable laws and regulations, nor is there any reasonable likelihood of such judgment, decision, or indication being issued.
- (v) All obligations (Note 2) that the Company is required to perform or comply with under the Tender Offer Agreement have been performed or complied with in all material respects.
- (vi) The representations and warranties made by the Company set forth in the Tender Offer Agreement (Note 3) are true and accurate in all material respects.
- (vii) No undisclosed material facts concerning the Company as defined under Article 166, Paragraph 2 of the Act, nor any undisclosed facts regarding the implementation of a tender offer as defined under the main text of Article 167, Paragraph 1 of the Act, exist.
- (viii) None of the conditions for withdrawal of the Tender Offer agreed under the Tender Offer Agreement have occurred.
- (ix) No change, event or circumstance occurs that has, has had or could be reasonably expected to have a material adverse effect on the business, assets, liabilities, financial condition, operating results, cash

flows, or future earnings plans or prospects of the Company.

(Note 2) For details of the obligations of the Company under the Tender Offer Agreement, please see “① Tender Offer Agreement” in “4. Matters Concerning Important Agreements Related to the Tender Offer” below.

(Note 3) For details of the representations and warranties made by the Company under the Tender Offer Agreement, please see “① Tender Offer Agreement” in “4. Matters Concerning Important Agreements Related to the Tender Offer” below.

(Note 4) As of today, no licenses or approvals are required by the Tender Offeror in connection with the Tender Offer.

According to the Tender Offeror, the Tender Offeror has set 894,500 shares (Shareholding Percentage: 66.18 %) as the minimum number of shares to be purchased in the Tender Offer (Note 5). If the total number of share certificates, etc. tendered in the Tender Offer (the “Tendered Share Certificates, Etc.”) is less than the minimum number of shares to be purchased (894,500 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, since the Tender Offer will be conducted for the purpose of making the Company a wholly-owned subsidiary of the Tender Offeror, there is no maximum number of shares to be purchased, and if the total number of Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (894,500 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 5) According to the Tender Offeror, the “minimum number of shares to be purchased” is a tentative figure based on the information available to the Tender Offeror as of today, and the actual figure in the Tender Offer may differ from the above figure due to changes, etc. in the number of treasury shares held by the Company on or after the said date. The final “minimum number of shares to be purchased” will be determined prior to the commencement of the Tender Offer on the basis of the latest information available at the time of the commencement of the Tender Offer.

(Note 6) According to the Tender Offeror, the “minimum number of shares to be purchased” is a tentative figure based on the information available to the Tender Offeror as of today, and the actual figure in the Tender Offer may differ from the above figure due to changes, etc. in the number of treasury shares held by the Company on or after the said date. The final “minimum number of shares to be purchased” will be determined prior to the commencement of the Tender Offer on the basis of the latest information available at the time of the commencement of the Tender Offer.

The minimum number of shares to be purchased (894,500 shares) is the number of shares (894,500 shares), which is the product of (i) the number of voting rights obtained by deducting (x) the number of voting rights (66 voting rights) represented by the restricted shares of the Company granted to the directors of the Company (the “Restricted Shares”) (6,600 shares, Shareholding Percentage: 0.49%) (Note 7) from (y) the number of voting rights (9,011 voting rights, rounded up to the nearest whole number), which is obtained by multiplying the number of voting rights (13,516 voting rights) represented by the number of shares (1,351,672 shares) calculated by deducting the number of treasury

shares held by the Company as of March 31, 2025 (229,578 shares) from the total number of issued shares as of the same date (1,581,250 shares) as stated in the Company's Financial Results for the Fiscal Year Ended March 31, 2025, by two thirds (2/3), and (ii) the share unit of the Company (100 shares). The reason for setting such a minimum number of shares to be purchased is that if the Tender Offeror is unable to acquire all of the Company Shares (excluding the treasury shares held by the Company) through the Tender Offer, the Tender Offeror intends to request the Company to implement a series of procedures to make the Tender Offeror the sole shareholder of the Company (the "Squeeze-Out Procedure") after the completion of the Tender Offer, as described in "(5) Policy on organizational restructuring, etc. after the tender offer (matters related to the so-called two-step acquisition)" below. If the share consolidation (as defined in "(5) Policy on organizational restructuring, etc. after the Tender Offer (matters related to the so-called two-step acquisition)" below) is implemented as the Squeeze-Out Procedure, a special resolution of a general meeting of shareholders is required as provided for in Paragraph 2 of Article 309 of the Companies Act (the law No. 86 of 2005, as amended; the "Companies Act"). Therefore, in order to ensure the implementation of the Squeeze-Out Procedure, the Tender Offeror needs to hold two-thirds (2/3) or more of the total voting rights of all shareholders of the Company after the Tender Offer for the purpose of resolving the special resolution.

(Note 7) The Restricted Shares cannot be tendered in the Tender Offer as they are subject to transfer restrictions.

However, at the Company's board of directors meeting held on June 10, 2025, it was resolved to express the opinion in favor of the Tender Offer, which is premised on the delisting of the Company, and at the time of such resolution, all directors who were allocated the Restricted Shares exercised their voting rights in favor of the resolution. Therefore, the Tender Offeror believes that the Company is likely to consent to the Squeeze-Out Procedure if the Tender Offer is concluded and has excluded the number of voting rights represented by such Restricted Shares when considering the minimum number of shares to be purchased.

The Tender Offeror intends to fund the Transactions with a borrowing of up to the JPY equivalent to 20 million USD from its affiliate and the remainder from cash on hand.

The Company Shares are presently listed on the Standard Market of the TSE as of the date hereof, but as described in "(4) Prospect of Delisting and Reasons Therefor", depending on the results of the Tender Offer, the Company Shares may be delisted after the prescribed procedures are completed, in accordance with the delisting criteria of the TSE.

In addition, if the procedures described in "5 Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Related to the Two-Step Acquisition)" below are implemented after the completion of the Tender Offer, the Company will be delisted after completing the prescribed procedures.

© Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer by the Tender Offeror

According to the Tender Offeror, the Tender Offeror is a Delaware corporation established by Bourns to acquire and own the Company's shares.

Bourns was founded in 1947 by husband-and-wife entrepreneurs Marlan and Rosemary Bourns, and today continues to thrive as a private enterprise, closely held by the Bourns family with headquarters in Riverside, California.

Bourns is a global organization with operations in over twenty (20) fully integrated manufacturing facilities worldwide with a presence in North America, Europe, Africa, Japan, Taiwan and People's Republic of China, manufacturing and supplying a broad portfolio of electronic components to a multitude of end-markets, with business operations organized into three main focal areas:

Additionally, the Bourns Group is a corporate group consisting of a total of 36 subsidiaries and affiliated companies, with Bourns Inc. as the parent company (the "Bourns Group"). The Bourns Group operates as a global corporate group with headquarters in North America, Europe, Africa, Japan, Taiwan, and the People's Republic of China, and operates manufacturing facilities in over 20 locations worldwide. The Bourns Group manufactures and supplies a wide range of electronic components for numerous end markets, primarily divided into the following three business segments:

- a) Sensing components and assemblies for measuring position, rotation, torque, speed, temperature, pressure, and humidity;
- b) Circuit protection components including discrete semiconductors, resistors, potentiometers, overvoltage protection, overcurrent protection, and thermal protection solutions;
- c) Power distribution and management components including inductors, transformers, EMC filters, chokes and chip beads.

According to the Tender Offeror, through these three business areas, the Bourns Group offers a broad portfolio of electronic components and solutions, which sets it apart from its competitors. The Bourns Group simplifies its customers' supply chains by offering a wide range of components, enabling designers to take advantage of the Bourns Group's broad range of solutions.

As described below, the Bourns Group believe that the products the Company handle can be naturally integrated into the portfolio provided by the Bourns Group in the business fields related to the sensing components and parts ((a) above) and circuit protection components ((b) above) mentioned above, and that there will be synergistic effects.

Bourns takes pride in its fully integrated organization that performs design, development, manufacturing, and logistics throughout the world. Bourns' products are sold through a global sales organization, supported by regional technical product and field application engineers providing specialized technical know-how to serve customers directly. Bourns is proud to be recognized worldwide for its high quality, reliability, on-time delivery, comprehensive customer service, and integrity.

In pursuing the expansion of the above three business areas, Bourns is said to be an aggressive acquirer of companies. Bourns also has a rich history of being an acquisitive company, having completed over twenty acquisitions in the last twenty years, including its largest acquisition to-date on Komatsulite Mfg. Co., Ltd. in Japan (now known as Bourns

KK), demonstrating a strong ability to close deals in a timely and equitable manner. Bourns acquires strong companies in which future growth potential can be unlocked through continuous investment and improvement. Bourns has a history of investing heavily into its acquired business entities to accelerate their capabilities and ability to rapidly grow in the marketplace.

According to the Tender Offeror, The Company has been known to Bourns for many years as a both a peer and a partner in the marketplace, with both companies having like product portfolios in the space of potentiometers and angle sensing solutions. Bourns has determined that the potentiometers offered by the Company are compatible with the Bourn Group's circuit protection components (b) above. Additionally, Bourn has determined that our angle sensor products are compatible with the Bourn Group's sensing components and parts (a) above. However, while the Company has traditionally maintained a strong presence in Japan and Asian markets for its products, mainly through direct relationships with Japanese OEMs (Note 3), Bourns has been aiming to expand in North American and European markets and has analyzed that there are limits to its ability to capture the Japanese and Asian markets where the Company has a strong presence. In addition, Bourns believes that given the scale of the existing the Company business and the additional resources and capital necessary to enter into a wider global market, it is challenging for the Company to accelerate growth of its current business. This is seen as an area whereby Bourns can leverage our global sales and operations infrastructure to drive improved performance for the Company.

(Note 1) A potentiometer is an electronic component known as a “variable resistor,” consisting of a three-terminal resistor equipped with sliding or rotating contacts that form an adjustable voltage divider. There are various types of potentiometers, including rotary potentiometers and linear potentiometers.

(Note 2) Angle sensor products are electronic components that can detect and measure angular displacement by measuring voltage that is measured relative to displacement. Types of angle detection sensor products include magnetic angle sensors (which use magnetic fields to measure angles), optical angle sensors (which use light to measure angles), and potential difference angle sensors (which use a potentiometer to measure angles based on changes in resistance).

(Note 3) OEMs stand for “Original Equipment Manufacturing”, meaning, a company that manufactures products under another company’s brand, or engages in such activities, while such company is only entrusted with the production operations.

According to the Tender Offeror, Similarly, Bourns believes that, given that the Company is a publicly traded company with a limited market size and has not yet expanded into geographical markets including North America and Europe, it would be difficult for the Company alone to provide the capital necessary to invest in maintaining and growing its product and technology portfolio in order to realize its potential growth. In addition, Bourns sees a significant opportunity for the Company, as part of a private company, by benefiting from the ability for Bourns to inject additional investment capital, to expand its product offerings to a wider customer base. Thirdly, the Company today has a limited portfolio offering, thereby potentially hampering the ability to garner stronger customer interest or penetration. By

bringing the Company into the Bourns portfolio of companies, we can provide a broader combined product offering to the Company's existing customers and thereby create strong partnerships and solutions for the existing the Company customer base.

According to the Tender Offeror, Bourns has enjoyed an ongoing business relationship with the Company over the past several years as a private-label partner whereby the Company sells some of its products to Bourns who then sells those products under Bourns brand name. To further deepen such business relationship, around February of 2024, Bourns met with the Company management at Tender Offeror's head office to discuss our ongoing collaboration. During this meeting it was agreed that there may be business areas of deeper collaboration to be had between the two companies and the two companies exchanged broader information about their respective product portfolios. As part of the shared belief between the two companies that some form of collaboration would be mutually beneficial, a confidentially agreement between the two companies was entered into on April 28, 2024. The initial focus of such collaboration was to explore if there was opportunity to expand the scope of two-way private labelling of each other's products, i.e. Bourns could sell more of the Company's products into the Americas market while potentially the Company could sell some of Bourns' products into the Japanese market. Around July of 2024, three of Bourns' executives visited the Company in Japan to further these discussions, which included a visit to the Company Shirakawa facility. Based on Bourns' findings and learning during the site visit, and the preceding months discussions with the Company, it became clear that the Company would be a good-fit acquisition for Bourns and, in particular, for Bourns Sensors division where several synergies with the Company were identified. Following the site visit around July 2024, Bourns informally inquired of the Company whether or not they thought their board would entertain further business collaboration including an acquisition approach from Bourns based on Bourns views that the Company would be a good fit business and that there appeared to be synergies and opportunities to accelerate the Company's growth. The Company responded in the positive indicating that a strategic direction which could help secure the long-term success and operations of the Company would be considered by their board of directors.

According to the Tender Offeror, Consequently, Bourns continued its internal analysis of the Company, including its portfolio of products; the Company's particular market focus and trends associated with such markets; and its financial historical performance based on publicly available information. As the result of the internal analysis, Tender Offeror came to a conclusion that making the Company a wholly-owned subsidiary by way of tender offer and subsequent procedure is the most beneficial method for Bourns, and on November 4, 2024, the Tender Offeror submitted to the Company a non-binding letter of interest to conduct the Transaction in order to acquire one-hundred percent of the stock of the Company in an all-cash deal with an offer price range of JPY 5,400 to JPY 5,600 per share(the "First Proposal"). Additionally, the public tender offer price in the First Proposal is stated to include a premium of 27.06% to 31.76% (rounded to the nearest hundredth. The same applies to the calculation of the premium rate hereinafter) based on the closing price of the Company's' shares on the Tokyo Stock Exchange Standard Market on November 1, 2024, the business day prior to November 4, 2024, which was 4,250 yen.

On November 21, 2024, Bourns and the Company signed a confidentiality agreement stipulating, among other things,

Bourns and the Company have confidentiality obligations to both with respect to due diligence and other aspects of the Company considering implementation of the Transaction by Bourns. Further, Bourns appointed financial, tax and legal advisors who are independent of Bourns, the Tender Offeror and the Company to further conduct negotiation with the Company and due diligence conducted from January 1, 2025 to early May 2025. Bourns also appointed an environmental advisor, independent of Bourns, the Tender Offeror and the Company, to investigate the environmental aspects of the real estate owned by the Company in late March 2025 and continued due diligence on the Company, which provided Bourns additional insights into the Company business necessary to further evaluate and conclude on a firm valuation for the business.

During the due diligence period, around mid-February of 2025, an additional site visit was held in Japan with senior management from both parties to discuss on the Transactions followed by a conclusion of site visits the week of March 17, 2025 where executives from Bourns conducted visits to all of the remaining Target Company's operating facilities that had not previously been visited.

Under such circumstances, on February 18, 2025, the Company received from a shareholder engaged in financial services ("Alliance Candidate"), a non-binding letter of intent ("Alliance Proposal") addressed to the board of directors of Target Company, stating its intention to delist the Company and conduct due diligence based on the proposed delisting. As described in "② Establishment of an Independent Special Committee at the Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below, based on the advice of TRANS CAPITAL.INC, which has been appointed as the financial advisor to the Company, and Keiwa Sogo Law Offices, which has been appointed as the legal advisor, in order to carefully evaluate and consider whether the Alliance Proposal will contribute to the enhancement of the corporate value of the Company and the protection of the common interests of the shareholders, as the Alliance Proposal does not contain sufficient information to determine whether the Alliance Proposal is worthwhile to accept the due diligence and to conduct a "sincere review" (Corporate Acquisition Guidelines 3.1.2), in accordance with the "Guidelines for Corporate Acquisition" (the "Corporate Acquisition Guidelines"), which was established by the Ministry of Economy, Trade and Industry on August 31, 2023, the Company requested the Alliance Candidate to provide written information regarding the experience and track record in the operation and restructuring of business corporations, as well as more detailed information on the acquirer's financial backing and the availability of personnel capable of implementing management policies. This request was sent by the Company to the Alliance Candidate on February 26, 2025, via email with the relevant documents attached. No information has been provided by the Alliance Candidate to the Company in response to this request. In addition, the Company has received an email from the Alliance Candidate on March 15, 2025, requesting individual interviews with all directors of the Company to support the decision on the appointment of each director candidate at the shareholders' meeting. In response, all directors of the Company conducted individual online interviews with the Alliance Candidate between April 14, 2025, and April 18, 2025. However, during these interviews, the Alliance Candidate did not provide the information requested by the Company. As noted in the Alliance Proposal, following the

completion of due diligence, the Alliance Candidate was required to submit a specific proposal by April 15, 2025, and if it was determined that sufficient due diligence or other necessary reviews for the implementation of the Transactions could not be conducted, the Alliance Proposal would be withdrawn. Since no specific discussions have been held with the Alliance Candidate, and April 15, 2025, has passed, the Company believes that the Alliance Proposal has expired as of the aforementioned deadline.

In addition, the Company received a written request from a shareholder that is a business corporation (“Shareholder X”), requesting the Company’s board of directors to engage in discussions regarding business operations aimed at enhancing the corporate value of the Company (the “Written Request”). Subsequently, the Company held an online meeting with the Shareholder X on March 28, 2025, to discuss the contents of the aforementioned written request. Based on the written request and the meeting, the Company, taking into consideration the advice from TRANS CAPITAL.INC and Keiwa Sogo Law Offices, reviewed the contents of the written request in accordance with the Corporate Acquisition Guidelines. The Company determined that the written request did not include the presentation of material transaction terms such as the acquisition price and was an abstract proposal regarding the Company’s business operations. Therefore, it was determined that the request is not a “sincere acquisition proposal” (Corporate Acquisition Guidelines 3.1.2). Based on this decision, the Company responded to the Shareholder X via email on April 1, 2025, stating that it would accept the opinion that would contribute to enhancing the corporate value. Subsequently, on May 19, 2025, the Company received a written request from the Shareholder X via email to hold an early meeting for operational discussions and exchange of opinions with the Company. The Company received a request to conduct a broad discussion seeking a possibility of engaging in a variety of collaboration including a capital alliance. In response, the Company had been coordinating the schedule proposed by Shareholder X for such discussions. However, as the Company has entered into the Tender Offer Agreement with the Tender Offeror today, the Company plan to decline further discussions with Shareholder X to avoid any conflict with the obligation imposed on the Company under the Tender Offer Agreement not to engage in negotiations regarding competing transactions (Note).

(Note) For details regarding the obligation not to engage in negotiations regarding competing transactions imposed on the Company under the Public Tender Offer Agreement, please refer to “① Tender Offer Agreement.” under “4. Matters Related to Important Agreements Regarding the Public Tender Offer” below.

Subsequently, the Company, considering the significant progress made in the due diligence conducted by Bourns on the Company’s, decided to exercise caution in making decisions regarding this transaction. Additionally, to ensure fairness, transparency, and objectivity in the decision-making process of our board of directors, and to eliminate any arbitrariness or conflicts of interest, the Company established a special committee on April 21, 2025, a Special Committee composed of members independent of both Bourns and the company.

Thereafter, according to the Ternder Offeror, on April 30, 2025, Bourns submitted to the Company a letter of intent proposing to acquire all of the shares of the Company in cash in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 6,910 per share (the “Second Proposal”). In addition, the tender offer price in the Second Proposal is said to be the closing price of the Company's shares on the TSE Standard Market on April 28,

2025, the business day prior to April 30, 2025, with a premium of 12.54% added to the closing price of 6,140 yen.

According to the Tender Offeror, Bourns has received a response from the Company confirming the contents of the Second Proposal and stating that it will proceed with specific discussions through an appropriate process, including the establishment of the special committee, on May 2, 2025. Additionally, on May 6, 2025, Bourns received a request via email and web conference from the Company, taking into account advice from TRANS CAPITAL .INC to reconsider the tender offer price, as the price does not represent a sufficient level to appropriately distribute to our shareholders the portion of the value expected to be realized in the future as a result of the transaction. Furthermore, Bourns has requested that the Company reconsider the tender offer price at a web conference on May 7, 2025, with TRANS CAPITAL .INC also in attendance.

Subsequently, According to the Tender Offeror, Bourns considered the request from the Company mentioned above and, on May 22, 2025, submitted a letter of intent (the "Third Proposal") to the Company, stating its intention to propose the following: to acquire all of the shares of the Company (excluding treasury shares owned by the Company) for the purpose of conducting the Transaction, and to conduct a tender offer at a price of 7,100 yen per share. In addition, the Tender Offer Price in the Third Proposal is said to be 7,100 yen, the closing price of the company's shares on the TSE Standard Market on May 21, 2025, the business day prior to May 22, 2025, with a premium of 10.08%.

However, According to the Tender Offeror, on May 27, 2025, Bourns received a request from the Company via email and web conference to reconsider the tender offer price, as the Third Proposal still did not represent a sufficient level of price that would appropriately distribute to the Company's shareholders the value that is reasonably expected to be realized in the future through the execution of the transaction, taking into account the advice from TRANS CAPITAL Co., Ltd..

Based on this request from the Company, Bourns held a meeting with the Company on June 3, 2025, and after reconfirming the value expected to be realized in the future by the execution of the Transactions, Bourns conducted another careful consideration and, as a result, on June 3, 2025, submitted a final proposal to acquire all of the Company Shares (excluding treasury shares held by the Company) in order to conduct the Transactions and set the tender offer price at JPY 8,250 per share (representing a premium (26.92%) over the closing price of JPY 6,500 of the Company Shares on the TSE Standard Market on June 2, 2025, the business day immediately preceding June 3, 2025) (the "Final Proposal (Before Considering the Proposed Dividend Amount)"), replacing the tender offer price presented in the Third Proposal. In response, the Company requested Bourns to present a tender offer price that incorporates the Proposed Dividend Amount so that it would be easier for the Company's shareholders to understand, as the Final proposal (Before Considering the Proposed Dividend Amount) did not incorporate the Proposed Dividend Amount. Following this request, Bourns submitted a revised final proposal on June 7, 2025, replacing the tender offer price proposed in the Final proposal (Before Considering the Proposed Dividend Amount) with the Tender Offer Price of JPY 8,075 per share, which is JPY 175 lower per share (equivalent to the Proposed Dividend Amount) than the tender offer price (representing a premium (23.47%) over the closing price of JPY 6,540 of the Company Shares on the TSE Standard Market on June 6, 2025, the business day immediately preceding June 7, 2025) (the "Final Proposal (After Considering the Proposed Dividend Amount)"). The Final proposal (Before Considering the Proposed Dividend Amount) and the

Final Proposal (After Considering the Proposed Dividend Amount) are economically equivalent for the Company's shareholders.

In response, Bourns received written confirmation from the Company's on June 10, 2025, accepting the final proposal. Following these developments, Bourns and the Tender Offeror have decided to proceed with the Tender Offer on June 10, 2025, subject to the fulfillment of the above conditions or their waiver by the Tender Offeror.

③ Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Company

(i) Proposal from the Tender Offeror and the Background of Establishment of the Consideration Structure

The Company received an initial letter of intent: the first proposal from Bourns, addressed to Mr. Yoshiki Iwasaki, the representative director of the Company, regarding the Transactions, including due diligence and other proposals related to the Transactions. As a result of this, On November 4, 2024, the Company appointed Keiwa Sogo Law Offices as an independent legal advisor to the Company and Bourns, taking into account its expertise, performance, and the fact that Bourns is an overseas company, to receive legal advice, including advice on measures to be taken to ensure the fairness of the procedures for the Transactions, the procedures for the Transactions, and the methods and processes for the Company's decision-making regarding the Transactions. Following this, after carefully reviewing the proposal, the Company has decided to commence due diligence and other specific discussions and negotiations toward the Transactions.

Furthermore, although the Company is not a consolidated subsidiary of Bourns and the Tender Offer does not constitute an acquisition of a subsidiary company by a controlling shareholder, in light of the fact that the general shareholders of the Company are expected to be ultimately squeezed out in exchange for money, the appropriateness of the transaction terms is considered to be particularly important for the interests of the Company's shareholders in the Transactions, and the due diligence by Tender Offeror on the Company has progressed to a considerable extent, in order to exercise caution in the Company's decision-making regarding the Transactions, to eliminate arbitrariness and conflicts of interest and to ensure fairness, transparency, and objectivity in the decision-making process of the Company's board of directors, the Company has, based on the advice of Keiwa Sogo Law Offices, established a special committee on April 21, 2025, which is independent from both Bourns and the Company and consists of five members: Mr. Masanori Ono, Ms. Takako Morita, and Mr. Kaneki Yamaguchi who are outside directors and independent officers of the Company, and Mr. Mikiharu Mori and Mr. Kazuhiro Fujita, who are outside experts (the "Special Committee"). In addition, the Company has consulted with the Special Committee with respect to: (i) the appropriateness and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to enhancing the Company's corporate value); (ii) the fairness and appropriateness of the terms and conditions of the Transactions (including, if a tender offer is conducted in connection with the Transactions, the tender offer price, etc.); (iii) the fairness of the negotiation process and procedures leading to the decision regarding the Transactions; (iv) whether the decision regarding the Transactions (including, if a tender offer is conducted in connection with the Transactions, the decision to express an opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender

their shares in the Tender Offer, as well as other decisions made by the Company regarding the procedures for the Transactions) are not deemed to be disadvantageous to the Company's minority shareholders; and (v) based on the above (i) to (iv), whether the Company's board of directors should express its opinion in favor of the Tender Offer and recommend that the Company's shareholders to tender their shares in the Tender Offer (collectively, the "Inquired Matters"). The Company's board of directors has resolved that: (a) in consulting with the Special Committee, the Company's board of directors will make decisions regarding the Transactions with full respect for the Special Committee's judgement, and if the Special Committee determines that the terms and conditions of the Transactions are not appropriate, it will not consent to the Transactions on such terms and conditions; (b) so that the Special Committee may ensure appropriate judgment and fully perform its role, the Company's board of directors will (i) grant the authority to appoint financial advisors, third-party valuers, or legal advisors (the "Advisors") of the Special Committee or to designate or approve (including ex post facto approval) the Company's Advisors (The Special Committee may seek professional advice from the Company's Advisors, if it determines that such Advisors possess the high level of expertise and there are no issues with their independence and that the Special Committee can rely on them for professional advice.) (Provided that any reasonable expenses incurred in connection with the professional advice provided by the Special Committee's Advisors shall be borne by the Company.); (ii) grant the authority to request explanations regarding necessary matters from the Company's officers or employees involved in the Transactions or the Company's Advisors related to the Transactions; and (iii) grant the authority to substantially participate in negotiation process regarding the terms and conditions of the Transactions and conduct negotiations directly when necessary, by confirming the Company's policy regarding negotiations related to the terms and conditions of the Transactions in advance, receiving timely reports on the status of such negotiations, providing opinions at critical junctures, and giving instructions and requests.

Subsequently, September 6, 2024, the Company appointed TRANS CAPITAL.INC as an independent financial advisor to Bourns and the Company, and, April 28, 2025, KPMG FAS Co., Ltd. ("KPMG FAS") as a third-party valuator, based on their deep understanding of the Company's business. In addition, the remuneration to TRANS CAPITAL.INC and KPMG FAS in connection with this transaction does not include any success fees payable upon the completion of this transaction or other conditions. The Company has also established an internal structure to conduct considerations, negotiations, and decisions related to the Tender Offer (including the scope and duties of the Company's officers and employees involved in the considerations, negotiations, and decisions of the Tender Offer) from an independent position to Bourns and has obtained approval from the Special Committee that there are no issues regarding the independence and fairness of such consideration structure. Furthermore, the Company has confirmed in the Special Committee that there are no issues regarding the independence and expertise of TRANS CAPITAL.INC, which serves as the Company's financial advisor, KPMG FAS, which serves as the third-party valuator, and Keiwa Sogo Law Offices, which serves as the Company's legal advisor, and has obtained approval for their appointment. In addition, as described in "b. Establishment of an Independent Special Committee at the Company and Procurement of a Report" of "(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below, the Special Committee, based on the above authority, confirmed the independence

and expertise of Deloitte Tohmatsu Financial Advisory LLC (“Deloitte”), and appointed Deloitte as its independent financial advisor.

(ii) Background of the Consideration and Negotiations

The Company has indicated that the Company has received advice from TRANS CAPITAL.INC and Keiwa Sogo Law Offices regarding the negotiation policy with Bourns and other measures to ensure the fairness of the procedures related to the Transactions. Based on this advice, the Company has carefully considered whether the Transactions should be conducted and the appropriateness of the terms and conditions of the Transactions, including the Tender Offer Price.

Since its founding, the Company has continued its business of manufacturing and selling variable resistors as a leading company in variable resistors. In line with this, the Company has endeavored to expand its business of manufacturing and selling automotive electrical components, which is expected to grow in line with market trends.

However, as demonstrated by the financial results for the past ten fiscal years (from the fiscal year ended March 2014 to the fiscal year ended March 2024), the Company has been facing the following challenges in recent years and is actively implementing measures to address them.

In the field of variable resistor manufacturing and sales, the Company has recently established a structure that enables it to maintain an operating profit margin comparable to other manufacturers, with an operating profit margin of 12.09% for the fiscal year ended March 2024, thanks to its long-standing experience, ability to handle large-scale production, and cost management. However, in terms of sales, the market for variable resistors has matured, making it difficult to achieve significant sales growth.

In this situation, the Company believed that it was necessary to enter new markets and respond to changes in the business environment by expanding its product range and overseas sales network, and that it is necessary to collaborate with a partner that can complement the Company’s business. As a result, the Company has decided to consider Bourns as a candidate for such a partner. However, while the Company recognized Bourns as a major competitor in variable resistors, Bourns is a non-public company, and details regarding its business operations were not disclosed. Therefore, in order to explore the possibility of future business alliances with Bourns, several officers of the Company visited Bourns’s headquarters on February 15, 2024 and held a meeting with Bourns to learn about its actual corporate status and business operations. During the meeting, the Company gained a deeper understanding of Bourns’s global business expansion, research and development status, employee training status, and management policies. Additionally, the Company newly recognized that Bourns possesses a wide range of products, such as sensors, variable resistors, and power solution-related components, operates in various fields including transportation machinery (including aerospace) and medical devices, and has a strong global reach not only in the United States but also in Europe, Asian countries including China, and other regions worldwide.

The Company has indicated that, following the aforementioned meeting, the Company and Bourns exchanged information regarding the possibility of becoming mutual collaboration partners, and on July 29 and 30, 2024, Bourns visited the Company’s head office and factories, and the management teams of both companies began specific consideration regarding the collaboration.

Subsequently, on November 4, 2024, the Company received from Bourns an initial letter of intent regarding the Transactions: First Proposal, including a proposal to set the Tender Offer Price at JPY 5,400 to JPY 5,600 and proposals regarding due diligence and other matters related to the Transactions. Additionally, the public tender offer price in the First Proposal is stated to include a premium of 27.06 % to 31.76% based on the closing price of the Company's shares on the TSE Standard Market on November 1, 2024, the business day prior to November 4, 2024. Prior to the First Proposal, the Company had not received any proposals regarding the terms and conditions of the Tender Offer, including the Tender Offer Price. In response, on November 11, 2024, the Company sent a written response to Bourns by e-mail, stating that it would "consider the First Proposal" and that "the conclusion of a confidentiality agreement is necessary in order to accept the due diligence" regarding the letter of intent, and on November 21, 2024, the Company concluded a confidentiality agreement with Bourns for the acceptance of the due diligence and other purposes. The due diligence by Bourns was conducted from February 2024 to early May 2025. In addition, on April 11, 2025, the Company held an online meeting with Bourns's management executives and confirmed that Bourns plans to complete its due diligence by May 1, 2025, that a final institutional decision on the execution of the Transactions by Bourns will be made after the completion of the due diligence, and that the Company is willing to proceed with the Transactions and intends to execute the Transactions unless there are any significant obstacles arising from the results of the due diligence. The Company has indicated that, through these meetings, the Company believed that the feasibility of the Transactions by Bourns had increased and resolved to establish the Special Committee at a meeting of its board of directors held on April 21, 2025.

Subsequently, on April 30, 2025, the Company received from Bourns the second letter of intent: the Second Proposal, including proposal to acquire all of the shares of the Company in cash in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 6,910 per share. In addition, the tender offer price in the Second Proposal is said to be the closing price of the Company's shares on the Tokyo Stock Exchange Standard Market on April 28, 2025, the business day prior to April 30, 2025, with a premium of 12.54% added to the closing price.

Thereafter, upon receiving the Second Proposal, on May 6, 2025, the Company requested Bourns, by email and web conference, to reconsider the Tender Offer Price, based on the advice from TRANS CAPITAL.INC, on the grounds that the appropriate portion of the value expected to be realized in the future by the execution of the Transactions was not sufficient as the price that was appropriately distributed to the Company's shareholders. Furthermore, on May 7, 2025, the Company, with TRANS CAPITAL.INC in attendance, again requested Bourns to reconsider the Tender Offer Price via a web conference.

Subsequently, on May 22, 2025, the Company received from Bourns the third letter of intent: the Third Proposal, including proposal to acquire all of the shares of the Company in cash in order to conduct the Transactions and to conduct a tender offer at a Tender Offer Price of JPY 7,100 per share. In addition, the Tender Offer Price in the Third Proposal is said to be 7,100 yen, the closing price of the company's shares on the TSE Standard Market on May 21, 2025, the business day prior to May 22, 2025, with a premium of 9.57%

Subsequently, on May 31, 2025, the Company requested the Tender Offeror to set the tender offer price at an amount exceeding 8,238 yen per share, taking into consideration the results of the preliminary calculation of the value of our

shares as of that date by KPMG FAS, the third-party appraiser. Subsequently, on June 4, 2025, the Company received from Bourns the Fourth Proposal, including proposal to conduct a tender offer at a tender offer price of JPY 8,250 per share.

Subsequently, Bourns submitted the Final Proposal on June 7, 2025, setting the tender offer price at 8,075 yen per share, taking into consideration that the company plans to propose a dividend of 175 yen per share based on the record date of March 31, 2025, at Annual General Meeting of Shareholders.

In response, on June 10, 2025, the Company responded in writing to the Tender Offeror agreeing to the Tender Offer Price of 8,075 yen.

The Company has indicated that, during the aforementioned consideration and negotiation process, the Special Committee received reports from the Company and its advisors as necessary and made confirmations and stated their opinions.

Specifically, in receiving proposals from Bourns regarding the Tender Offer Price, the Company provided a financial information of a business plan for the fiscal years ending March 2025 through March 2027 based on financial data of the Second Medium-Term Management Plan (please refer to “Formulation of the Second Medium-Term Business Plan and Actions to Achieve Management Conscious of the Cost of Capital and Stock Prices” published on April 2, 2024). Also, the Company additionally provided a financial information of a business plan for the fiscal years ending March 2028 through March 2029, in response to the request from the Tender Offeror (collectively, the “Business Plan”). Moreover, in obtaining the Company’s Share Valuation Report (KPMG FAS) (defined in “(iii) Details of Decision Making in the Company” below) from KPMG FAS, the Company provided the Business Plan and received confirmation on the reasonableness of the details, important preconditions, and preparation process of the Business Plan from the Special Committee.

Specifically, in obtaining the Company’s Share Valuation Report (defined in “(iii) Details of Decision Making in the Company” below) from KPMG FAS, and in receiving proposals from Bourns regarding the Tender Offer Price, the Company formulated a business plan for the fiscal years ending March 2025 through March 2029 (the “Business Plan”), and after confirming the reasonableness of the details, important preconditions, and preparation process of the Business Plan with the Special Committee, presented it to Bourns.

In addition, TRANS CAPITAL.INC, the financial advisor to the Company, has negotiated and provided advice in accordance with the negotiation policy decided by the Special Committee after deliberation in the course of negotiations with Bourns, and has reported to the Special Committee immediately upon receiving any proposal from Bourns regarding the Tender Offer Price, and has responded in accordance with the instructions of the Special Committee.

(iii) Details of Decision Making in the Company

Based on the above background, the Company has carefully deliberated and examined at the meeting of the Company’s board of directors held today whether it is possible to enhance the corporate value of the Company through the Transactions and whether the terms and conditions related to the Transactions, including the Tender Offer Price, are

appropriate with the utmost respect for the details of the Report dated today submitted by the Special Committee (For an overview of the Report, please see “① Establishment of an Independent Special Committee at the Company and Procurement of a Report” under “(6) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer” below.) based on the details of the share valuation report obtained from KPMG FAS on June 9, 2025 (the “Company’s Share Valuation Report (KPMG FAS)”) and the legal advice received from Keiwa Sogo Law Offices regarding points to consider in decision-making on the Transactions, including the Tender Offer.

Looking back on the figures for the 10 years from its 58th fiscal year (ended March 2014) to its most recent 68th fiscal year (ended March 2024) of the Company, the situation is as follows.

- Sales trends

In the 58th fiscal year of the Company (ended March 2015), operating income was JPY 100 million on sales of JPY 7,670 million (operating margin of 1.3%). In the 67th fiscal year (ended March 2024), operating income was JPY 1,261 million on sales of JPY 10,434 million (operating margin of 12.09%). Both sales and operating margin have grown significantly. In particular, the operating margin has been maintained at over 8.0% for the past three fiscal years.

- Sales trends by segment

By segment, in the 58th fiscal year of the Company (ended March 2015), sales of variable resistors amounted to JPY 3,783 million, with segment revenue of JPY 579 million (segment profit margin of 15.3%), while in the 67th fiscal year (ended March 2024), sales of JPY 4,085 million and segment revenue of JPY 1,113 million (segment profit margin of 28.0%).

Regarding automotive electrical components, in the 58th fiscal year (ended March 2015), segment revenue was JPY 3,403 million, with a segment loss of JPY 50 million, while in the 67th fiscal year (ended March 2024), segment revenue was JPY 6,120 million, with segment profit of JPY 857 million (segment profit margin of 14%).

Looking at regional segments, in the 58th fiscal year (ended March 2015), sales in Japan were JPY 4,743 million and in Asia JPY 2,260 million, while in the 67th fiscal year (ended March 2024), sales in Japan were JPY 7,196 million and in Asia JPY 2,658 million. While the weight of Japan's sales in consolidated revenue has increased from 62% to 69%, expanding sales in other regions remains a challenge.

The financial results of the Company for the most recent 10 fiscal years shown above demonstrate that the Company has continued to operate as a leading manufacturer of variable resistors since its founding, and that its efforts to expand into automotive electrical components, a market expected to grow in line with the times, have contributed to improved business performance. However, the Company also recognizes the following challenges it faces in recent years.

As indicated in the above sales trends, in the field of variable resistor manufacturing and sales, the Company has recently established a structure that enables it to maintain an operating profit margin comparable to other manufacturers, thanks to its long-standing experience, ability to handle large-scale production, and cost management.

As mentioned above, however, in terms of sales, the market for variable resistors has matured, making it difficult to achieve significant sales growth.

In anticipation of the maturing market for variable resistors, the Company has also made efforts in the automotive electrical components field. Within this field, in the areas of angle sensors and heaters, the Company was quick to recognize the trend toward new control systems utilizing cameras in the automotive industry (introduction of forward and rear monitoring systems). The Company's anti-fog heaters have been adopted by major automobile manufacturers and other customers, demonstrating the Company's product development and sales capabilities that anticipate changes in the automotive industry, particularly in the heater field. As a result, the Company has achieved significant sales growth over the past 10 years and secured profits. Even so, the automotive electrical components market is highly competitive and subject to intense price competition, resulting in lower profit margins than in the variable resistors segment.

The Company indicated that the sales in regions other than Japan are sluggish.

In addition, the environment surrounding the automotive industry is currently undergoing a period of change that is said to occur once every 100 years. With the advancement of electronic systems such as autonomous driving and the shift toward electric vehicles (EVs), there is a possibility that the market for conventional supply products will shrink due to major technological innovations.

Under such circumstances, based on the Company's experience in pioneering new markets such as in-vehicle camera heaters in the heater field, and with a view to strengthening its market responsiveness as a responsible supplier in areas such as proprietary variable resistors, the Company formulated and disclosed its 2nd Mid-term Management Plan on April 2, 2024, and is currently working to address various issues. Following the 1st Mid-term Management Plan, which aimed to improve operating profit margin during the 1st Structural Reform Period, the 2nd Mid-term Management Plan has been positioned as the 2nd Structural Reform Period, which will be a three-year period of growth investment leading to the 3rd Mid-term Management Plan, which will focus on growth and expansion. The 2nd Mid-term Management Plan primarily focuses on four key areas: (i) strengthening technological development capabilities, (ii) enhancing profitability, (iii) improving financial structure, and (4) strengthening shareholder returns.

In the 1st Mid-term Management Plan, the Company suffered a significant decline in sales and profits due to the impact of the COVID-19 pandemic. However, the Company has continued to manage its business based on the judgment that it is essential to improve the operating margin necessary for the stable continuity of the business. As a result, the operating margin for the latest fiscal year ended March 2024 was 12.09%, a significant improvement compared to the 1st Mid-term Management Plan Period, as mentioned above.

As mentioned above, however, the Company indicated that the market surrounding the Company's products has matured, and the environment surrounding the Company is changing day by day. In particular, given the rapid changes in the automotive industry, which is the Company's main customer, the Company believes that "(i) strengthening

technological development capabilities” will be an important pillar for maintaining growth in the future. Therefore, the 2nd Mid-term Management Plan Period is positioned as a bridge period for new product development that will contribute to the launch of new products, sales, and profit improvement in the 3rd Mid-term Management Plan Period, and the Company has planned and launched various measures. New product development in the manufacturing industry cannot be achieved overnight. It requires a certain period of capital investment and research and development. Therefore, the Company is focusing on securing new technical personnel to strengthen its in-house research and development (R&D) department. Additionally, the Company is actively exploring collaborations with companies outside its existing business network and external development teams to develop new businesses that will contribute to sales and profits. However, the Company is also aware that there are situations that cannot necessarily be resolved by the Company alone in its future growth strategy, as described below.

In the new business development that the Company is currently focusing on, it is urgent to secure human resources in the research and development (R&D) department, which forms the foundation of this business, particularly in fields other than the Company's existing technologies.

By utilizing the abundant global technical human resources of Bourns, the Company believes that it will be able to resolve this issue and achieve synergistic effects in terms of strengthening the development capabilities of both parties. Further, as mentioned above, considering the maturation of the variable resistors market, which has consistently achieved high profit margins, the plateaued profit margins in the automotive electrical components market, as well as the rapid and significant changes expected in the industrial structure of automobile manufacturers in each of these markets, and the impact of the aforementioned labor shortage, the Company believes that, in addition to launching new businesses, expanding the scale of its existing businesses will also be an essential factor in further enhancing its corporate value. The Company has established a structure that will enable it to maintain consolidated net sales of JPY 10 billion and an operating margin of 10% or more from the fiscal year ended March 2023 onwards. However, the Company recognizes that expanding sales in the Japanese market and expanding its business in other regions are challenges for the future.

To address these challenges, in order to achieve the future strategy outlined by the Company (i.e., maintaining current strong performance while promoting new business development for the future, developing new businesses and new customers, and ultimately establishing a solid global sales foundation), it is essential to secure human resources, as mentioned above. However, the Company believes that it will not be easy to achieve these goals with a high degree of certainty and at a high level, solely through its own efforts.

After considering the circumstances surrounding the Company and the characteristics of Bourns, including its robust global business expansion capabilities, distribution network, and world-class customer network, the Company has concluded that the Transactions will contribute to the corporate value of the Company for the following reasons:

(A) Utilization of global networks in the sensor and other businesses

In particular, with respect to the Company's sensor business, Bourns believes that it can achieve significant synergies by globally expanding the sales of sensor-related products manufactured by the Company through

Bourns's overseas sales channels. By leveraging the Company's production capacity to manufacture products on an OEM basis and expand into overseas markets, the Company expects to significantly improve sales and profit margins in regions outside Japan, where the Company is currently experiencing sluggish growth.

(B) Joint development, production, and overseas channel development of EV-related battery products

Regarding the Company's EV-related battery business, Bourns plans to jointly develop and produce a product currently under intensive research and development by the Company as a heater component for batteries for electric vehicles, where demand is expected to increase in the future. Bourns believes that this collaboration will generate significant synergies through sales to overseas battery manufacturers and overseas automobile manufacturers, which are also customers of Bourns.

(C) Expansion of production and sales channels in China

Bourns has production bases in China, where the Company also has two production bases. Bourns believes that there will be synergistic effects from Establishment of complementary relationships between both production bases and expanding production and sales channels in China in line with future geopolitical changes.

As a result of the delisting of the Company's shares, the Company will lose the benefits it has enjoyed as a listed company, including the ability to raise large amounts of capital through equity financing in the capital markets and the enhancement of its social credibility. However, considering the Company's current financial situation, where no additional funding other than borrowing is particularly necessary for future business operations, the Company determined that the loss of funding opportunities through equity financing resulting from the delisting would have a smaller impact compared to the synergies expected from the Transactions. Furthermore, the Company's reputation, brand power, and social credibility, which are important for talent recruitment, are largely acquired and maintained through business activities, and such brand power and other assets will not necessarily be lost by delisting. Additionally, limited collaboration between the Company and certain businesses of Bourns may result in competition in certain products, including variable resistors, and in certain customers, thereby limiting the economic benefits. Furthermore, maintaining a listed status with partial capital participation would be inefficient in terms of information management for new business development and research and development in the Company, making it difficult to fully realize synergies with Bourns. For these reasons, the Company believes that maintaining the listing of the Company's shares is not necessarily required going forward.

Furthermore, based on the following points, the Company has determined that the Tender Offer Price of JPY 8,7075 per share is a reasonable price that ensures the interests of the Company's minority shareholders are protected, and that the Tender Offer provides the Company's minority shareholders with a reasonable opportunity to sell their shares at a price that reflects an appropriate premium.

- (A) The Tender Offer Price is the price agreed upon through sufficient negotiations between the Company and Bourns under the substantive involvement of the Special Committee, after ensuring that measures to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, as described in “(6) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer,” have been adequately implemented.
- (B) The Tender Offer Price is at a level that exceeds the upper limit of the range based on the market share price method and falls within the range based on the discounted cash flow method (the “DCF analysis”) of the valuation results of the Company's shares by KPMG FAS as described in “② Overview of the Valuation of the Company's Shares” under “(3) Matters Related to Valuation” below.
- (C) The period for the purchase in the Tender Offer (the “Tender Offer Period”) is scheduled to be 30 business days, and since there is a long period from the announcement of the Transactions to the actual commencement of the Tender Offer, minority shareholders will have sufficient time to make an appropriate decision regarding their tender of shares in the Tender Offer, and other parties other than the Tender Offeror will have sufficient opportunity to purchase the Company's shares.
- (D) In the Transactions, the cash consideration to be paid to shareholders in connection with the Squeeze-Out Procedure will be calculated so as to be equal to the Tender Offer Price multiplied by the number of Company shares owned by each shareholder of the Company who did not tender their shares in the Tender Offer. This is intended to ensure that minority shareholders have an opportunity to make an appropriate decision on whether or not to tender their shares in the Tender Offer and to avoid any coercive effect.
- (E) As described in “① Establishment of an Independent Special Committee at the Company and Procurement of a Report” under “(6) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer” below, the Tender Offer Price Other conditions of the Tender Offer are, as stated in the Report obtained from the Special Committee, deemed to be reasonable, including the reasonableness of the terms of the Transactions (including the method of implementation of the Transactions and the appropriateness of the consideration).
- (F) The Tender Offer Price represents a premium of 23.47% on the closing price of the Company's shares on the Tokyo Stock Exchange through June 9, 2025 (the “Immediately Preceding Date”), 23.68% on the simple average of the closing prices of the shares for the immediately preceding one-month period from the Immediately Preceding Date, 30.12% on the simple average of the closing prices for the immediately preceding three-month period from the Immediately Preceding Date, and 35.08% on the simple average of the closing prices of the shares for the immediately preceding six-month period from the Immediately Preceding Date. According to actual examples (70 cases) of premiums in similar cases in the past (specifically, cases in which the acquirer had no equity relationship with the Company and the Company was made a wholly owned subsidiary, which were announced after July 2019, after the publication of the

Guidelines on Fair M&A Practices, and concluded by May 14, 2025), the premium was 59.27% at the closing price on the Immediately Preceding Date, 59.39% on the simple average closing price for the past one month from the Immediately Preceding Date, 61.13% on the simple average closing price for the past three months from the Immediately Preceding Date, and 60.84% on the simple average closing price for the past six months from the Immediately Preceding Date. Comparing the above, although the Tender Offer Price cannot necessarily be evaluated as a high level, the Company recognizes that a certain reasonable level of premium is attached, given that a premium of 21.6% is attached to the highest price of JPY 6,640 of the Company's share price during the most recent one-year period.

- (G) Although the Tender Offer Price is below the median of the range under the DCF method, it is within the range, and as described in (A) through (F) above, the Tender Offer Price can be considered to reflect the value of the Company's shares to a considerable extent. In addition, given that the Tender Offer was determined based on objective and consistent discussions between Bourns and the Company on an arm's length basis, the fact that the Tender Offer Price is below the median of the range under the DCF method does not negate the appropriateness of the Tender Offer Price.

Based on the above, the Company has determined that the Transactions will contribute to enhancing the corporate value of the Company, and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. At the meeting of the board of directors held today, the Company resolved to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer, as the current opinion of the Company. In addition, upon the commencement of the Tender Offer, the board of directors has resolved to consult with the Special Committee to determine whether there has been any change in the opinion expressed by the Special Committee to the board of directors, and to request the Special Committee to inform the board of directors, if there has been no change, of that fact, and if there has been a change, to inform the board of directors of the changed opinion. Furthermore, based on such opinion, the board of directors has resolved to make a new statement of opinion regarding the Tender Offer at the time the Tender Offer commences. The above resolution of the board of directors was adopted by the method described in “⑤ Unanimous Approval of All Disinterested Directors (Including Audit Committee Members) of the Company” under “(6) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer.

④ Management Policy Following the Tender Offer

As stated in “② Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer” above, the Tender Offeror plans to make the Company a wholly-owned subsidiary of the Tender Offeror through the Transactions and to pursue further growth of the Sensing components and parts, and circuit protection components business.

With regard to the management structure of the Company following the Transactions, after the completion of the Tender

Offer, Bourns and the Company will make decisions through discussions with the aim of further enhancing the corporate value of both companies while respecting the Company's current management structure. No specific decisions or agreements have been made at this point, and no negotiations have been conducted with the Company regarding its management structure as well. Bourns currently plans to dispatch directors and transfer employees to promote the early realization of synergies, but no specific details, including the number of directors to be dispatched and employees to be seconded, have been determined at this stage.

(3) Matters Related to Valuation

① Establishment of an Independent Special Committee at the Company and Procurement of a Report

In making the opinion statement regarding the Tender Offer, the Company requested KPMGFAS, as a third-party valuator independent of the Tender Offeror and the Company, to evaluate the share value of the Company Shares. KPMGFAS is not a related party of the Tender Offeror or the Company and does not have any material interest that should be described in connection with the Transactions including the Tender Offer. In addition, the Special Committee confirmed at its 1st meeting that there are no issues regarding the independence and expertise of KPMGFAS and approved it as the Company's third-party valuator. The Special Committee also confirmed that it has no objection to receiving professional advice from KPMGFAS as necessary. In addition, the fees payable to KPMGFAS in connection with the Transaction do not include any success fees payable upon the completion of this transaction or other conditions. KPMGFAS reviewed various stock valuation methods and determined which method is appropriate for calculating the Company's stock value. Since the Company is listed on the TSE Standard Market and market stock prices are available, we adopted the market price method. Additionally, since the value of our stock can be inferred by comparing it to that of similar listed companies, the Company have adopted the comparable company method. To reflect future business activities in the valuation, the Company used the DCF method to calculate the value of the Company's stock. The company obtained the valuation report from KPMGFAS as of insert month and day, 2025.

In addition, the Company has not obtained a fairness opinion from KPMGFAS regarding the fairness of the Tender Offer Price, taking into consideration that sufficient measures to ensure fairness, such as those described in "① Establishment of an Independent Special Committee at the Company and Procurement of a Report" of "(6) Measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, and other measures to ensure the fairness of the transaction including the tender offer" below.

The range of value per share of the Company's stock calculated by KPMGFAS based on the above methods is as follows.

Market share price analysis:	5,978 yen~6,540 yen
Comparable company comparison analysis:	7,760 yen~9,616 yen
DCF analysis:	7,874 yen~9,759 yen

Under the market share price method, with the reference date (i.e., the business day immediately preceding the

announcement of the Tender Offer) of June 9, 2025, the range of the value per share of the Company Shares is calculated to be between JPY 5,978 and JPY 6,540 based on: the closing price of the Company Shares on the TSE Standard Market on the reference date, which is JPY 6,540; simple average of the closing prices for the last one (1) month preceding the reference date, which is JPY 6,529; simple average of the closing prices for the last three (3) months preceding the reference date, which is JPY 6,206; simple average of the closing prices for the last six (6) months preceding the reference date, which is JPY 5,978.

Under the comparable company comparison method, the range of the value per share of the Company Shares is calculated to be between JPY 7,760 and JPY 9,616 based on the value of the Company Shares calculated by a comparison of the financial indicators, such as market share price and profitability, with those of listed companies engaged in businesses relatively similar to those of the Company.

Under the DCF analysis, the range of the value per share of the Company Shares is calculated to be between JPY 7,874 and JPY 9,759 based on the analysis of the Company's corporate value and share value by calculating the free cash flow expected to be generated by the Company in the fiscal year ending March 2030 and thereafter, based on the business plan prepared by the Company for the fiscal year ending March 2025 through the fiscal year ending March 2029, the most recent performance trends, publicly available information, and other factors, discounted to present value using a certain discount rate.

KPMG's financial forecast of the Company, on which the DCF method calculation was based, includes fiscal years in which a significant increase or decrease in profit is expected. Specifically, in the fiscal year ending March 31, 2027, operating income of JPY 1,050 million (+33.1% year-on-year) is projected due to an increase in sales and an improvement in gross profit margin, mainly for heaters for electric vehicles. In the fiscal year ending March 31, 2030, operating income is expected to increase to JPY 1,620 million (+ 49.3% year-on-year) due to an increase in sales resulting from the expansion of sales channels, mainly in Europe and the United States, and the curbing of selling, general and administrative expenses by utilizing local production and sales networks.

Free cash flow in the fiscal year ending March 31, 2027 will decrease significantly from the fiscal year ended March 31, 2026 (down by JPY 193 million, -33.9% year-on-year) due to an increase in working capital associated with an increase in net sales. Due to a decrease in capital expenditures and an increase in operating income, there will be a significant increase in the fiscal year ending March 2028 (up by JPY 476 million, +126.4% year-on-year) compared to the fiscal year ending March 2027. Due to the increase in working capital accompanying the increase in net sales, the amount of capital investment in the fiscal year ending March 31, 2029 will decrease significantly (down by JPY 382 million, -44.8% year-on-year) compared to the fiscal year ended March 31, 2028. Due to the above-mentioned increase in operating income, we expect a significant increase (up by JPY 368 million increase, +78.3% year-on-year) in the fiscal year ending March 31, 2030, compared with the fiscal year ending March 31, 2029.

In addition, this financial forecast does not take into account the synergy effects expected to be realized from the execution of the Transaction, except for the effect of reduced listing maintenance costs, because it is difficult to estimate such effects specifically at this time.

② Establishment of an Independent Special Committee at the Company and Procurement of a Report

(1) Name of the Calculation Agency and its Relationship with the Company and the Tender Offeror

The Special Committee has engaged Deloitte Tohmatsu Financial Advisory, an independent third-party valuation firm separate from both the Company and the Tender Offeror, in considering the matters referred to it in “① Establishment of an Independent Special Committee at the Company and Procurement of a Report” under “(6) Establishment of an Independent Special Committee at the Company and Procurement of a Report” below, and obtained a stock valuation report (hereinafter referred to as the “Company Stock Valuation Report (Deloitte Tohmatsu Financial Advisory)”) dated June 9, 2025.

Furthermore, as the Special Committee has implemented measures to ensure the fairness of the Tender Offer Price and the fairness of the Transaction, including the Tender Offer, as well as measures to avoid conflicts of interest, as described in “(6) Measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, and other measures to ensure the fairness of the transaction including the tender offer” below, the Special Committee has determined that the fairness of the Transaction, including the Tender Offer Price, is ensured. Therefore, the Special Committee has not obtained a fairness opinion from Deloitte Tohmatsu Financial Advisory regarding the fairness of the Tender Offer Price. Deloitte Tohmatsu Financial Advisory is not a related party of the Tender Offeror or the Company and does not have any material interest that should be described in connection with the Transactions including the Tender Offer. In addition, the fees payable to Deloitte Tohmatsu Financial Advisory in connection with the Transaction do not include any success fees payable upon the completion of this transaction or other conditions.

The Special Committee confirmed at its meeting held on May 12, 2025, that there were no issues with the expertise and independence of Deloitte Tohmatsu Financial Advisory and appointed it as the Special Committee's independent third-party appraisal agency.

ii. Overview of Calculation

After considering which approaches should be applied to calculate the value of the Company Shares among several share valuation approaches available, DTFA deemed it appropriate to value the Company Shares from various perspectives on the assumption of the Company being a going concern, and based on such determination, calculated the value per share of the Company Shares by applying the market price analysis as the Company Shares are listed on the Standard Market of the TSE and have the market price, and applying the DCF analysis to reflect in the valuation the business situation of the Company in the future.

The following are the ranges of values per share of the Company Shares that were calculated based on each calculation approach mentioned above.

Market stock price analysis	: JPY 5,978 – JPY 6,540
DCF analysis	: JPY 7,487 – JPY 9,082

Under the market price analysis, using June 9, 2025 as the valuation reference date, DTFA calculated the value per

share of the Company Shares to range from JPY 5,978 to JPY 6,540, based on the closing price of the Company Share on the reference date (JPY 6,540), the simple average closing price for the most recent one month (JPY 6,529), the simple average closing price for the most recent three months (JPY 6,206) and the simple average closing price for the most recent six months (JPY 5,978) on the Standard Market of the TSE.

Under the DCF analysis, DTFA calculated the value per share of the Company Shares to range from JPY 7,487 – JPY 9,082 by calculating the corporate value and the share value of the Company by discounting to the current value at a certain discount rate the free cash flow that the Company is expected to generate in and from the fiscal year ending March 31, 2026 based on the Company’s financial forecast and investment plan under the Business Plan for the period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030 prepared by the Company, as well as publicly disclosed information, and other information.

The financial forecast that DTFA used as the basis for calculation under the DCF analysis includes a business year in which the net sales is expected to increase or decrease significantly on a year-on-year basis. Specifically, although operating income for the fiscal year ending March 31, 2026 is expected to decline temporarily due to lower sales of sensors and heaters, the Company’s main products, the Company forecast operating income of JPY 1,050 million (up 33.1% from the previous year) for the fiscal year ending March 31, 2027 due to reduced labor costs resulting from factory automation and productivity improvements and a recovery in sales. In addition, the Company expects to expand its sales channels and increase its sales volume. In addition, the Company projects operating income of JPY 1,620 million (up 49.3% from the previous year) for the fiscal year ending March 31, 2030, as sales increase due to the expansion of sales channels and the development of new products. The fiscal year also includes a fiscal year in which a significant change in free cash flow is expected. Specifically, in the fiscal year ending March 31, 2027, free cash flow is expected to decrease significantly to JPY 344 million (down 38.2% from the previous year) due to an increase in working capital resulting from a recovery in sales, but in the fiscal year ending March 31, 2028, free cash flow is expected to increase significantly to JPY 835 million (up 143.0% from the previous year), as the impact of the decrease in free cash flow due to an increase in working capital in the previous year is resolved. Furthermore, free cash flow is expected to decrease significantly to JPY 423 million (down 49.3% from the previous year) in the fiscal year ending March 31, 2029, due to an increase in working capital resulting from sales growth, but in the fiscal year ending March 31, 2030, free cash flow is expected to increase to JPY 796 million (up 143.0% from the previous year) due to a significant increase in profit accompanying sales growth.. The financial forecast did not take into account synergies that can be realized through the Transactions since such synergies are difficult to estimate in detail at present.

It should be noted that the Special Committee confirmed that the contents, material assumptions, and preparation process of the financial forecast were reasonable as described in “b. Establishment of an Independent Special Committee at the Company and Procurement of a Report” above.

(Note) In analyzing and calculating the value of the Company Shares, DTFA in general adopted the information provided by the Company, publicly available information, and other information as it is and assumed that such materials and information were all accurate and complete, and that there was no fact that may materially affect

the valuation of the Company Share and were not disclosed to DTFA, and DTFA did not independently verify the accuracy or completeness of such information. DTFA also assumed that the information on the Business Plan of the Company was reasonably prepared by the Company's management team based on the best forecast and judgments available at present. Deloitte did not independently perform valuation or assessment of any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, nor did it request any appraisal or assessment from a third party. DTFA's valuation reflects the above information up to June 9, 2025. DTFA's valuation is solely for the purpose of serving as reference information for consideration by the Special Committee of the value of the Company Shares.

(4) Possibility of Delisting and Reasons Therefor

The Company Shares are presently listed on the Standard Market of the TSE as of the date hereof, but the Tender Offeror has not set the maximum number of shares to be purchased through the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Company Shares may be delisted after the prescribed procedures are completed, in accordance with the delisting criteria of the TSE.

Even if the requirements of the delisting criteria are not met as of the time of completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedures after the completion of the Tender Offer as stated in "(5) Policies for Organizational Restructuring, etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition)" above. If such procedures are implemented, the Company Shares will meet the delisting criteria of the TSE and be delisted through prescribed procedures. The Company Shares cannot be traded on the Standard Market of the TSE after they are delisted.

(5) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition)

As described in "(1) Overview of the Tender Offer" above, if the Tender Offeror fails to acquire all of the Company Shares (however, excluding the treasury shares held by the Company) through the Tender Offer, the Tender Offeror plans to request the Company to implement the following Squeeze-Out Procedures to make the Tender Offeror the sole shareholder of the Company by the following method promptly after the completion of the settlement of the Tender Offer.

① Demand for Share Cash-Out

In the event that the total number of voting rights of the Company held by Tender Offeror becomes 90% or more of the number of the voting rights of all shareholders of the Company as a result of the completion of the Tender Offer and the Tender Offeror becomes a special controlling shareholder as defined in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to demand that all shareholders (excluding the Tender Offeror and the Company) of the Company (the "Shareholders Subject to Cash-Out") sell all of their Company Shares (the

“Demand for Share Cash-Out”) promptly after the completion of the settlement of the Tender Offer in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act. With respect to the Demand for Share Cash-Out, the Tender Offeror plans to provide the Shareholders Subject to Cash-Out with a cash amount equal to the Tender Offer Price as consideration for each Company Share. In such case, the Tender Offeror will notify the Company of such fact and request the Company to approve the Demand for Share Cash-Out. If the Company approves the Demand for Share Cash-Out by resolution of its board of directors, the Tender Offeror will acquire all of the Company Shares held by the Shareholders Subject to Cash-Out on the acquisition date designated in the Demand for Share Cash-Out, in accordance with the procedures prescribed by the relevant laws and regulations, without the need for the individual approval of Shareholders Subject to Cash-Out. In such case, The Tender Offeror plans to deliver to each Shareholder Subject to Cash-Out a cash amount equal to the Tender Offer Price as consideration for each Company Share held by the Shareholders Subject to Cash-Out. If the Demand for Share Cash-Out is made by the Tender Offeror, the Company plans to approve the Demand for Share Cash-Out. As a provision of the Companies Act for the purpose of protecting the rights of minority shareholders in connection with the Demand for Share Cash-Out, it is provided that the Shareholders Subject to Cash-Out may file a petition with the court for a determination of the purchase price of the Company Shares held by the Shareholders Subject to Cash-Out in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations. The court will make the final determination as to the purchase price of the Company Shares in the event that above petition is filed.

② Share Consolidation

If the Tender Offer is completed but the total number of voting rights of the Company held by the Tender Offeror is less than 90% of the number of voting rights of all shareholders of the Company, the Tender Offeror plans to request, promptly after the completion of the settlement of the Tender Offer, the Company to hold an extraordinary meeting of shareholders (the “Extraordinary Shareholders’ Meeting”), the agenda items of which will include a proposal to conduct a share consolidation of the Company Shares pursuant to the provisions of Article 180 of the Companies Act (the “Share Consolidation”) and to partially amend the Articles of Incorporation to abolish the stipulation on the number of shares constituting one unit of shares subject to the Share Consolidation becoming effective. In the event that the Extraordinary Shareholders’ Meeting is required to be held, the Tender Offeror believes that it is desirable to hold the Extraordinary Shareholders’ Meeting as early as possible from the viewpoint of enhancing the corporate value of the Company and plans to request the Company to set the record date for the Extraordinary Shareholders’ Meeting to a date close to, but following, the commencement of settlement of the Tender Offer. The Company intends to comply with such request if it receives such request from the Tender Offeror. As of the date hereof, if the Tender Offer is commenced in June 30, 2025, the Extraordinary Shareholders’ Meeting is scheduled to be held in late October 2025. The Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders’ Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Company will hold a proportionate number of the Company Shares in accordance with the Share

Consolidation ratio approved by the Extraordinary Shareholders' Meeting on the date on which the Share Consolidation takes effect. If the Share Consolidation results in fractional shares that do not amount to one share, the shareholders of the Company who hold such fractional shares will be paid for such fractional shares with the cash to be paid for the sale of the Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Company or the Tender Offeror, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Company Shares corresponding to the total number of such fractional shares, the Tender Offeror plans to request that the Company file a motion with the court to permit a voluntary sale, after setting the amount to be paid to the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) as a result of the sale at the price obtained by multiplying the Tender Offer Price by the number of the Company Shares held by each such shareholder. While the ratio of the consolidation of the Company Shares has not yet been determined as of the date hereof, the Tender Offeror plans to request that the number of the Company Shares to be held by the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) be determined to be less than one share so that only the Tender Offeror will hold all of the Company Shares (excluding the treasury shares held by the Company). The Company intends to comply with these requests from the Tender Offeror. The Companies Act has a provision which intends to protect the rights of general shareholders relating to the Share Consolidation. Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations provide that, in the event of the Share Consolidation, if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Company may demand that the Company purchase all of their fractional shares at fair prices and may file a motion with the court to determine the price of the Company Shares. As described above, in the Share Consolidation, the number of the Company Shares held by shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) is expected to be less than one share. Therefore, shareholders of the Company who oppose the Share Consolidation will be able to file the above motion. If the above motion is filed, the purchase price of the Company Shares will be ultimately determined by the court.

Depending on the relevant matters such as the revisions and enforcement of the relevant laws and regulations and their interpretation by the authorities, the above procedures for Demand for Share Cash-Out and Share Consolidation may require a longer time or there may be changes in the method of implementation. However, even in such cases, the Tender Offeror intends to take a measure to eventually pay cash to shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company). In such case, the amount of cash to be paid to each shareholder is planned to be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Company Shares each shareholder of the Company holds. Specific procedures and the schedule thereof in the above cases shall be determined upon consultation between the Tender Offeror and the Company and announced by the Company as soon as they are determined.

With respect to the Restricted Stock, the allotment agreement provides that, (a) if, during the transfer restriction period, a matter concerning the Share Consolidation as set forth in Article 180 of the Companies Act is approved at a general meeting of shareholders of the Company or a matter concerning the Demand for Share Cash-Out as set forth in Article 179 of the of the Companies Act is approved at a general meeting of shareholders of the Company (however, limited to the case where the effective date of the Share Consolidation provided for in Article 180, Paragraph 2, Item 2 of the Companies Act or the date on which a special controlling shareholder acquires shares subject to the cash-out provided for in Article 179-2, Paragraph 1, Item 5 of the Companies Act (the “Squeeze-Out Effective Date”) comes before the expiration of the transfer restriction period), the restriction on transfer will be removed, by a resolution of the Company’s board of directors, with respect to all the Restricted Stock at the close of business on the business day immediately preceding the Squeeze-out Effective Date, and that (b) in the case provided in (a) above, the Company automatically acquires, without consideration, as of the business day immediately preceding the Squeeze-out Effective Date, all the Restricted Stock for which the restriction on transfer is not removed as of such date. Therefore, in the Squeeze-out Process, in accordance with (a) of the above allotment agreement, the Restricted Stock for which the restriction on transfer is removed at the close of business on the business day immediately preceding the Squeeze-out Effective Date will be subject to the Demand for Share Cash-Out or the Share Consolidation and in accordance with (b) of the above allotment agreement, the Company intends to acquire, without consideration, the Restricted Stock for which the restriction on transfer is not removed as of the business day immediately preceding the Squeeze-out Effective Date.

Please note that the Tender Offer is not at all intended to solicit the approval of the shareholders of the Company at the Extraordinary Shareholders’ Meeting. In addition, the shareholders of the Company are advised to consult with their certified tax accountants and other experts on their own responsibility regarding the tax treatment in respect of the Tender Offer or any of the above procedures.

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

As of today, the Company is not a subsidiary of the Tender Offeror, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, it is also not anticipated that all or a part of the management of the Company will invest directly or indirectly in the Tender Offeror, and the Transactions, including the Tender Offer, does not constitute a so-called management buy-out (MBO). However, as the Tender Offer will be conducted as part of the Transactions for the purpose of making the Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror and the Company have taken the following measures to ensure the fairness of the Transactions including the Tender Offer, from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and avoiding conflicts of interest. The following descriptions of measures implemented by the Company are based on the Company’s Press Release and explanations provided by the Company. In addition, for details of the Application Agreement, please refer to “4.

Important Agreements Regarding the Tender Offer” below.

① Establishment of an Independent Special Committee at the Company and Procurement of a Report

(i) Process of the Establishment of the Special Committee

As stated in the “③ Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Company” under “(2) Basis and Reasons for Opinion” above, , it established the Special Committee by a resolution at the board of directors meeting held on April 21, 2025. After confirming that the candidates for members of the Special Committee are independent from the Tender Offeror and the Company and that they have no material interests that differ from those of general shareholders in connection with the success or failure of the Transactions, the Company consulted with the candidates for members of the Special Committee, and with the advice of Keiwa Sogo Law Offices, appointed five persons, Mr. Masanori Ono (independent outside director of the Company (audit committee member) and attorney), Ms. Takako Morita (independent outside director of the Company and tax accountant) and Mr. Kaneki Yamaguchi (independent outside director of the Company (audit committee member)), as well as outside experts Mr. Mikiharu Mori (attorney) and Mr. Kazuhiro Fujita (certified public accountant) as the candidates for members of the Special Committee in order to constitute the Special Committee at an appropriate scale while ensuring a balance of knowledge, experience, and capabilities of the Special Committee as a whole.

Accordingly, as stated in the “③. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Company” under “(2) Basis and Reasons for Opinion” above, the Company established the Special Committee by a resolution at the board of directors meeting held on April 21, 2025, and consulted with the Special Committee regarding the Inquired Matters.

Furthermore, the Company consulted the Special Committee on the following matters on the same day: (i) the legitimacy and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Company); (ii) the fairness and reasonableness of the terms and conditions of the Transactions (including, if a tender offer is carried out in the Transaction, the tender offer price, and other terms and conditions thereof); (iii) the fairness of the negotiation process and procedures leading to the decision regarding the Transactions ; (iv) whether the decision to enter into the Transactions (in cases where a tender offer is carried out in the Transaction, including expressing an opinion in favor of the tender offer and recommending that the shareholders of the Company tender their shares in the tender offer, as well as other decisions by the Company regarding the procedures for the Transaction) is considered to be disadvantageous to the minority shareholders of the Company; and (v) based on (i) though (iv) above, whether the board of directors of the Company should express its opinion in favor of the tender offer and recommend that the shareholders of the Company tender their shares in the tender offer. (Hereinafter, these shall be collectively referred to as the "Inquired Matters").

In addition, the Company has consulted with the Special Committee with respect to the Inquired Matters. The Company’s board of directors has resolved that: (a) in consulting with the Special Committee, the Company’s board of directors will make decisions regarding the Transactions with full respect for the Special Committee’s judgement, and

if the Special Committee determines that the terms and conditions of the Transactions are not appropriate, it will not consent to the Transactions on such terms and conditions; (b) so that the Special Committee may ensure appropriate judgment and fully perform its role, the Company's board of directors will (i) grant the authority to appoint the Advisors of the Special Committee or to designate or approve (including ex post facto approval) the Company's Advisors (The Special Committee may seek professional advice from the Company's Advisors, if it determines that such Advisors possess the high level of expertise and independence required and that the Special Committee can rely on them for professional advice.) (Provided that any reasonable expenses incurred in connection with the professional advice provided by the Special Committee's Advisors shall be borne by the Company.); (ii) grant the authority to request explanations regarding necessary matters from the Company's officers or employees involved in the Transactions or the Company's Advisors related to the Transactions; and (iii) grant the authority to substantially participate in negotiation process regarding the terms and conditions of the Transactions and conduct negotiations directly when necessary, by confirming the Company's policy regarding negotiations related to the terms and conditions of the Transactions in advance, receiving timely reports on the status of such negotiations, and providing opinions at critical junctures.

Each member of the Special Committee will be paid a fixed monthly remuneration as compensation for their duties, regardless of the content of the report.

(ii) Background of Consideration

The Special Committee held a total of 15 meetings from April 25, 2025 until June 10, 2025, and performed its duties regarding the Inquired Matters through such means as reporting, information sharing, consideration, and decision making at the committee meetings, and via e-mails from time to time between those meetings.

Specifically, the Special Committee confirmed that TRANS CAPITAL.INC, the financial advisor of the Company, and Deloitte, the third-party valuator of the Company, and Keiwa Sogo Law Offices, the legal advisor of the Company, do not fall under the category of related party of the Tender Offeror and the Company, do not have any material interest in connection with the Transactions including the Tender Offer, and have no issues regarding their independence and expertise in the Transactions, and approved their appointment.

The Special Committee received explanations from the Company on the purpose and significance of the Transactions and impact on the business of the Company and held a question-and-answer session on the foregoing. The Special Committee also presented questions to the Tender Offeror and held a written question-and-answer session in the form of Q&A with the Tender Offeror on the purpose and background of the Transactions and the management policy after the Transactions.

Furthermore, as stated in the "① Name of the Calculation Agency and its Relationship with the Company and the Tender Offeror" under " (3) Matters Related to Valuation" above, KPMG FAS evaluated the value of the Company Shares based on the Business Plan. The Special Committee received explanations from KPMG FAS regarding the method of valuation used for the valuation of the value of the Company Shares, the reasons for adopting such method of valuation, the details of the valuation by each method of valuation, and important preconditions, and confirmed the reasonableness

of these matters after question-and-answer session and deliberation and consideration.

The Special Committee also received reports from the Company and TRANS CAPITAL.INC on the Company's negotiation with the Tender Offeror from time to time and deliberated and reviewed them, and provided necessary opinions on the Company's negotiation policies as appropriate. Specifically, the Special Committee received reports on the proposals of the Tender Offer Price from the Tender Offeror upon receipt, and considered these proposals after obtaining analysis and opinions from TRANS CAPITAL.INC regarding the policy for the measures to be taken and policy for the negotiation with the Tender Offeror. Then, the Special Committee stated to the Company that it has no objection to the Company's intention to request the Tender Offeror to reconsider the Tender Offer Price in any of the above cases and stated its opinion on the matters to be discussed with the Tender Offeror in order to achieve the significance and purpose of the Transactions as the Company, and has been involved in the overall process of discussion and negotiation between the Company and the Tender Offeror regarding the terms and conditions of the Transactions, including the Tender Offer Price.

Furthermore, the Special Committee received explanations from Keiwa Sogo Law Offices on the content of the draft of the press release concerning the Tender Offer to be announced or submitted by the Company on multiple occasions and confirmed that appropriate information disclosure is planned.

(iii) Conclusions

The Special Committee, based on the above circumstances, carefully reviewed and discussed the Inquired Matters and, as a result, submitted the Report to the Company's board of directors on June 10, 2025, with the unanimous consent of all members, as summarized below.

(a) Details of the response

1. Legitimacy and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Company)

The Transactions are considered to contribute to the enhancement of the corporate value of the Company, and the purpose of the Transactions are considered to be legitimate and reasonable.

2. Fairness and reasonableness of the terms and conditions of the Transactions (including, if a tender offer is carried out in the Transaction, the tender offer price, and other terms and conditions thereof)

The terms and conditions of the Transactions are considered to be fair and reasonable.

3. Fairness of the negotiation process and procedures leading to the decision regarding the Transaction

The negotiation process and procedures leading to the decision regarding the Transactions are considered to be fair.

4. Whether the decision to enter into the Transactions (in cases where a tender offer is carried out in the Transaction, including expressing an opinion in favor of the tender offer and recommending that the shareholders of the Company tender their shares in the tender offer, as well as other decisions by the Company regarding the procedures for the Transaction) is considered to be disadvantageous to the minority shareholders of the Company

Implementation of the Transactions (including expressing an opinion in favor of the tender offer and recommending that the shareholders of the Company tender their shares in the tender offer) is not considered to be disadvantageous to the minority shareholders of the Company

5. Based on (i) though (iv) above, whether the board of directors of the Company should express its opinion in favor of the tender offer and recommend that the shareholders of the Company tender their shares in the tender offer

Based on (i) though (iv) above, it is considered to be reasonable for the board of directors of the Company to express its opinion in favor of the tender offer and recommend that the shareholders of the Company tender their shares in the tender offer.

In addition, regarding the contents of the opinion above, the Special Committee will review whether there are any changes to the opinions expressed at the time of the commencement of the Tender Offer and will notify the Company's board of directors of the results of such review. If there are no changes, the Special Committee will report the same; if there are changes, the Special Committee will report the revised opinions.

(b) Reasons for the response

1. Legitimacy and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Company)

Based on the following items, the Transactions are considered to contribute to the enhancement of the corporate value of the Company, and the purpose of the Transactions is deemed to be legitimate and reasonable.

(1) The following recognitions of the business environment and management issues at the Company are reasonable:

- The Company's main products are variable resistors, automotive sensors, and automotive heaters.
- In the field of variable resistors, the Company has established a structure that enables to maintain an operating profit margin comparable to other manufacturers in recent years owing to its long-standing experience, capacity to handle large-scale production, and cost control; however, due to maturation of the variable resistors market, achieving significant sales growth has become increasingly difficult.
- Especially in the field of automotive heaters, the Company has significantly increased its sales over the past decade and has maintained profitability; however, the automotive heaters market is highly competitive, with intense price competition, resulting in consistently lower margins compared to the variable resistors.

- In light of the above business environment, the Company has been focusing not on expanding sales channels or market share for low-priced products, including mass-produced products, but rather on increasing sales of high-priced products that leverage its technological capabilities, and on expanding sales channels in markets with higher profit margins; however, in order to successfully expand sales of high-priced products, it is essential for the Company to strengthen its research and development (R&D) capabilities.
- However, sales by region reveals that, while domestic sales in Japan have been steadily increasing, sales in overseas markets (particularly in North America and Europe) have been sluggish. Especially in the North American and European automobile markets, it will be a critical factor whether local production in the demand regions is possible; however, it is difficult for the Company to independently establish a production base in either North America or Europe at this stage.
- There are concerns that future technological innovations in the automotive industry (such as automated driving and electric vehicles (EVs)) could lead to a rapid decline in the market for products supplied to date. On the other hand, such technological innovation may also create new markets presenting business opportunities for the Company to expand sales of its automotive heaters and other related products.
- To seize the business opportunities and to expand transactions in the market for high-priced products, it is imperative to secure and train R&D personnel. However, due to the structural labor shortage in Japan and the limited supply of R&D personnel (such as engineers) essential for new business development, the Company is facing significant challenges in acquiring global talent, which is indispensable for expanding its business and developing new businesses.

(2) The following explanation of expected synergies resulting from the Transactions is reasonable.

① Expected synergies

- Based on the global network and track record of Bourns Group as described below, the Transactions are expected to generate significant synergies, primarily in terms of: (i) market expansion by leveraging mutual sales channels; (ii) sales expansion by enhancing and complementing product lineups; and (iii) personnel exchanges and recruitment in R&D department.

(i) Overview of the Bourns Group

- The Bourns Group is a global group operating at over 20 manufacturing facilities worldwide, with a primary presence in North America and Europe, and additional locations in Africa, Japan, Taiwan, and the People's Republic of China. It primarily operates in the areas of: (i) sensing components; (ii) circuit protection components; and (iii) power distribution and management components.
- The Bourns Group was founded in 1947 and was the first in the world to manufacture compact linear potentiometer and has a track record of supplying products to customers in the fields that require high quality, such as the aerospace industry. Despite being privately held, the Bourns Group is globally recognized for its exceptional quality and reliability.

- Tender Offeror is a Delaware entity established for the purpose of acquisition and control of the Company Shares and is deemed to be seen as substantially the same with Bourns.

(ii) Market expansion through the use of mutual sales channels

- The Company is expected to significantly improve its sales and profit margins in overseas regions, where growth has currently been sluggish, by utilizing the Bourns Group's global sales network to sell the Company's products (particularly those in the sensor business) and automotive heaters in overseas markets, which are expected to be jointly developed with the Bourns Group.
- While the Bourns group holds a dominant market share in North America and Europe, where sales of the Company's products are sluggish, the Company has established a strong presence in the Japanese market, where the Bourns Group has not yet fully developed its sales channels, through a direct relationship with Japanese OEMs; therefore, they have a strong complementary relationship in terms of sales regions.
- Especially with respect to the automotive industry, synergies are expected through the bidirectional expansion of sales by leveraging sales networks of both the Company and the Bourns Group, including sales to Japanese automotive manufacturers, where the Company has strong relationships, and to U.S. and European automotive manufacturers, where the Bourns Group has production bases and strong relationships.

(iii) Expansion of sales through the enhancement and complementation of product lineups

- In the field of potentiometer and angle sensor products, since the Company and the Bourns Group have similar product portfolios, it is expected that the Company and the Bourns Group will be able to: (a) increase their bargaining power through joint procurement of raw materials; (b) reduce costs and improve administrative efficiency through the consolidation or reorganization of their production sites; and (c) jointly develop new products (such as camera heaters for autonomous driving and heaters for EV batteries for cold regions) and sustainable growth through mid- to long-term integration of R&D strategies between the Company and the Bourns Group.
- Furthermore, by combining the production systems, technological capabilities, sales channels, and logistics networks of the Company and the Bourns Group, it will become easier for them to pursue entry into markets for new customers and new products.

(iv) Exchange and securing of personnel in the R&D department

- With respect to securing personnel in the R&D department of the Company, synergies are expected in terms of strengthening the development capacity of R&D and new businesses by leveraging the R&D department of Bourns Group, which has a large number of development personnel and covers a wide range of development areas.

- In particular, the sharing of knowledge, such as the Bourns Group's experience in transactions with National Aeronautics and Space Administration (NASA), is expected to contribute to enhancing the motivation and engagement of the R&D department of the Company.
- In addition, the Bourns Group's track record of research and development in the U.S. military, aerospace, and other industries may lead to applied research by the Company in fields other than the automotive field.

② Management Policy of the Company after the Transactions

- Bourns intends to work on further growth of the sensing component and products as well as circuit protection component business by making the Company a wholly owned subsidiary of the Tender Offeror through the Transactions.
- After the consummation of the Tender Offer, the management structure of the Company after the Transactions will be discussed and determined between the Tender Offeror and the Company from the perspective of further improving the corporate value of both parties, while respecting the Company's current management structure. No specific matters have been determined or agreed upon at this point, and no negotiations regarding the management structure of the Company have taken place with the Company. Although the Tender Offeror currently envisions the dispatch of directors and the secondment of employees to facilitate the early realization of synergies, the specific number of such directors and employees has not yet been determined.

(3) The anticipated disadvantages of the Transactions are limited.

- As a result of the privatization of the Company's shares, the Company will lose the advantages it has enjoyed so far as a listed company, such as raising funds through equity financing in the capital markets and enhancing its social credibility.
- However, the Company has determined that the loss of opportunities to raise funds through equity financing is smaller than the synergies expected to be realized through the Transactions, considering the Company's current financial condition, which does not require financing other than borrowings to conduct its future business operations.
- In addition, the Company believes that its social credibility, which is important in terms of personnel recruitment, is largely acquired and maintained through its business activities, and that delisting will not necessarily lead to the loss of such brand strength or reputation.

(4) There is no unreasonable aspect in the explanation that there is no alternative superior to the Transactions.

- The Company has determined that collaboration limited to certain businesses of the Company and the Tender Offeror would result in cases of competition in certain products, including variable resistors, and with customers, and would limit economic benefits.

- In terms of the information management structure for the Company in new business development and R&D, the scope of information that can be disclosed is limited in certain collaborations, which in turn limits the synergy effects. On the other hand, maintaining the listing with partial capital participation incurs ongoing listing costs, making it inefficient from a cost-benefit perspective. Therefore, the Company believes that there is only limited necessity to continue maintaining the listing of its shares in the future.

2. Fairness and appropriateness of the terms and conditions of the Transaction (including the tender offer price, etc., if a tender offer is conducted in connection with the Transaction))

As detailed below, the Tender Offer Price is within the range of the DCF method-based calculation results of each of the independent third-party appraisal institutions, KPMG FAS Co., Ltd. (“KPMG FAS”) and Deloitte Tohmatsu Financial Advisory LLC (“Deloitte Tohmatsu Financial Advisory”), and the negotiations regarding the transaction terms were conducted under the substantial involvement of the Special Committee and resulted in a final agreement at a price that reflects a reasonable premium compared to market prices and past similar cases, it is deemed that the reasonableness of the transaction terms (including the Tender Offer Price, if applicable) of the Transaction is ensured. The Tender Offer Agreement stipulates that if the amount of dividends per share of the Company’s stock exceeds JPY 175 as resolved at the Company’s 2025 Annual General Meeting of Shareholders, the excess amount may be reduced from the Tender Offer Price (Expected to be JPY 8,075 per share). Therefore, when the Tender Offer is launched, the Special Committee, after confirming the terms and conditions of the Transaction including the Tender Offer Price, will consider whether or not the reporting opinion expressed by the Special Committee to the Company’s Board of Directors should be changed, and if not, will state to the Company’s Board of Directors to that effect, or if so, the revised opinion.

(1) Acquisition of a Stock Valuation Report by the Special Committee

- For the purpose of ensuring the fairness and appropriateness of the terms and conditions of the Transactions, including the tender offer price, in deliberating and making decisions thereof, the Company has appointed KPMG FAS as an independent third-party valuator to determine the fair value of the Company Shares and has obtained the Company’s Share Valuation Report (KPMG FAS) from KPMG FAS.
- The Special Committee confirmed in writing that KPMG FAS is not a related party of either the Tender Offeror or the Company and does not have any material interest in connection with the Transactions, based on which it has approved KPMG FAS as a third-party valuator for the Company. The remuneration to KPMG FAS in connection with the Transactions does not include contingency fees which are payable subject to completion of the Transactions.
- As a result of considering the calculation method to be adopted in calculating the value of the Company’s shares from among several methods, the market share price method was used because the Company is listed on the Tokyo Stock Exchange Standard Market and a market share price exists, the comparable company

method was used because it is possible to analogize the share value by comparing similar listed companies, and the DCF method was used to reflect the future business activities in the calculation.

- The ranges of per share values of the Company's shares calculated by KPMG FAS based on the above methods are as follows, respectively.

Market share price analysis:	JPY 5,978 to JPY 6,540
Comparable company comparison analysis:	JPY 7,760 to JPY 9,616
DCF analysis:	JPY 7,874 to JPY 9,759

- In addition, based on the Company's Share Valuation Report (KPMG FAS) prepared by KPMG FAS and the explanation of the content of the Company's Business Plan (the business plan for the fiscal year ending March 2026 through March 2030) used for the valuation, the results of the question-and-answer session and other materials, concerning the calculation process leading to the KPMG FAS's conclusions in the Company's Share Valuation Report (KPMG FAS), its calculation method is considered to be generally accepted and reasonable in accordance with current industry practices and the substance of the valuation is also considered appropriate in light of current industry practices.
- Additionally, the Special Committee has confirmed the reasonableness of the Business Plan based on the explanations regarding the content of the Company's Business Plan provided by the Company and the KPMG FAS to the Special Committee, which serves as the basis for the valuation, and with the understanding of the circumstances surrounding the preparation of the Company's Business Plan and the current status of the Company, and has concluded that there are no unreasonable aspects in the Business Plan.
- Based on the results of the Company's Share Valuation Report (KPMG FAS), the Tender Offer Price agreed upon between the Company and the Tender Offeror is (1) above the upper end of the range of the valuation results based on the market price method and (2) within the respective ranges of the valuation results based on the comparable company analysis and DCF method.

(2) Procurement of a Share Valuation Report by the Special Committee

- The Committee has appointed DTFA as a third-party valuator independent of Bourns, the Tender Offeror and the Company and has obtained the Company's Share Valuation Report (DTFA) from DTFA. The Committee confirmed in writing that DTFA is not a related party of either the Tender Offeror or the Company and does not have any material interest in connection with the Transactions, based on which it has appointed DTFA as a third-party valuator for the Company. The remuneration to DTFA in connection with the Transactions does not include contingency fees which are payable subject to completion of the Transactions.
- DTFA considered the calculation method to be adopted in calculating the share value of the Company's shares from among several share value calculation methods, and based on the assumption that the Company is a going concern, it is appropriate to evaluate the share value of the Company's shares from various aspects.

Based on the belief that it is appropriate to evaluate the value of the Company's shares from multiple perspectives under the assumption that the Company is a going concern, the per-share value of the Company's shares was calculated using the market price method because the Company's shares are listed on the Tokyo Stock Exchange's Standard Market and a market price exists, and the DCF method to reflect the status of the Company's future business activities in the calculation. The comparable company method was not used because there are only a limited number of listed companies engaged in the resistors and automotive electronic components business that are highly similar to the Company.

- The range of per share values of the Company's shares calculated under each of the above methods is as follows, respectively.

Market share price analysis:	JPY 5,978 to JPY 6,540
DCF analysis:	JPY 7,487 to JPY 9,082

- Based on the Company's Share Valuation Report (DTFA) prepared by DTFA and the explanation of the content of the Company's Business Plan used for the valuation, the results of the question-and-answer session and other materials, it is considered that there are no particularly unreasonable aspects with respect to the calculation method and process used by DTFA in determining the fair value of the Company Shares and the valuation results of the Company Shares. Additionally, as described above, there are no unreasonable aspects in the Company's Business Plan, which serves as the basis for the valuation.
- Based on the results of the Company's Share Valuation Report (DTFA), the Tender Offer Price agreed upon between the Company and the Tender Offeror is (1) above the upper end of the range of the valuation results based on the market price method and (2) within the respective ranges of the valuation results based on the comparable company analysis and DCF method.

(3) Discussion and Negotiation Process regarding the Transaction Terms

- The Company engaged TRANS CAPITAL.INC as a financial advisor, Keiwa Sogo Law Offices as legal advisor and KPMG FAS as third party appraiser and conduct discussions/negotiations on the comprehensive terms and conditions of the Transactions including the Tender Offer Price based on their advice. Additionally, as described below, the Special Committee has been substantially involved in the discussion and negotiation process concerning the terms and conditions of the Transactions.
- On November 4, 2024, Bourns submitted to the Company a non-legally binding First Proposal to acquire all of the Company's shares for cash to effect the Transaction and to make a tender offer at a tender offer price between JPY 5,400 and JPY 5,600 per share. On November 21, 2024, Bourns and the Company signed a confidentiality agreement stipulating, among other things, Bourns and the Company have confidentiality obligations to both with respect to due diligence and other aspects of the Company considering implementation of the Transaction by Bourns.

- Bourns began its due diligence on the Company on January 1, 2025, and by mid-February 2025, additional site visits and discussions regarding the Transaction were conducted in Japan by the management of both Bourns and the Company, and the week of March 17, 2025, Bourns' site visit was completed on the week of March 17, 2025, with Bourns' management visiting all of the remaining offices of the Company that had not previously been visited.
- Thereafter, on April 30, 2025, Bourns submitted to the Company the Second Proposal proposing to acquire all of the Company Shares (excluding treasury shares held by the Company) in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 6,910 per share.
- In response to the Second Proposal, the Company negotiated with Bourns, with advice from TRANS CAPITAL.INC, based on the provisional share valuation results obtained from KPMG FAS and the Special Committee's request for an increase in the tender offer price based on deliberations and discussions at the Special Committee, On May 22, 2025, the Company received the Third Proposal from Bourns of JPY 7,100 per share (up to 131.48% of the First Proposal).
- In response, the Company, after confirming with the Special Committee as well, requested Bourns to increase its proposal price on the grounds that the tender offer price in the Third Proposal was not at the lower end of the range of the results of the respective calculations based on the DCF method by KPMG FAS and DTFA and deviated from the price level at which the Company could approve and recommend that its shareholders tender in the Transaction.
- Subsequently, on June 3, 2025, the Company received from Bourns, in summary, (i) the Company's Board of Directors may not withdraw its support for a competing tender offer at a purchase price of 102% or lower of the Tender Offer Price (the "Threshold"), (ii) in the event that a competing tender offer is made at a price above the Threshold, and the Company's Board of Directors is able to withdraw its opinion and recommendation to accept the Tender Offer, the Company will be required to pay a break-up fee equivalent to the transaction costs incurred by Bourns (up to a maximum of USD 3,000,000 and (iii) subject to adjustment of the dividend amount to be paid after the announcement of the Tender Offer, together with the draft Tender Offer Agreement, which includes a transaction protection clause (see Section 3.3(3) below for details), the Company received the Tender Offer Price of JPY 8,250 per share (up to 152.78% of the Initial Proposal).
- Thereafter, the Company and Bourns mutually agreed to reduce the dividend amount (JPY 175) from the Tender Offer Price as a premise for calculating the Tender Offer Price, based on the dividend amount (JPY 175) proposed by the Company at the 68th Annual General Meeting of Shareholders. After the discussions, the Company received the Final Proposal (After Considering the Proposed Dividend) from Bourns on June 8, 2025 (the "Final Proposal Date") for a Tender Offer Price of JPY 8,075 per share (a maximum of 149.54% of the Initial Proposal and 123.47% of the closing price (JPY 6,540) of the Company's shares on the Tokyo Stock Exchange Standard Market on June 6, 2025, the business day before the Final Proposal Date) and finally reached an agreement.

- The Tender Offer Price is a price representing a premium of 23.47% over the closing price of the Company Shares on the TSE on June 9, 2025 (the “Immediately Preceding Date”), a premium of 23.68% over the simple average of the closing prices for the one-month period ending on the Immediately Preceding Date, a premium of 30.12% over the simple average of the closing prices for the three-month period ending on the Immediately Preceding Date, and a premium of 35.08% over the simple average of the closing prices for the six-month period ending on the Immediately Preceding Date.
- Based on the advice of TRANS CAPITAL.INC and Keiwa Sogo Law Offices as well as discussions with the Special Committee, the Target requested Bourns not to set the Threshold and to delete the agreement regarding the Break-Up Fee, and also requested that the prohibition on discussions regarding competing transactions be relaxed. While Bourns agreed to the relaxation of the prohibition on discussions regarding competing transactions, despite numerous request, the Company was unable to obtain the Tender Offeror’s acceptance of the proposed price with a premium as to set the Threshold and the break-up fee agreement was made in conjunction based on the importance of the Company in Bourns’ global strategy, the realization of synergies, the confidence in the Company’s ability to maximize its corporate value obtained as a result of extensive and in-depth due diligence over a period of approximately five months, the Tender Offeror’s strong intention to complete the Deal and consideration of minority shareholders’ interest, etc. The Company (i) has received a total of five (5) proposals from Bourns through discussions and negotiations; (ii) the Tender Offer Price proposed in the Final Proposal (After Considering the Proposed Dividend) is equivalent to 144.20-149.54% of the Initial Proposal and 123.47% of the closing price of the Company’s shares on the Tokyo Stock Exchange Standard Market on the business day immediately preceding the Final Proposal Date, (iii) as described in 3.2.(1) and (2) above, the Tender Offer Price is above or within the range of the per share value of the Company’s shares for each method indicated in the Share Valuation Report (KPMG) and the Share Valuation Report (DTFA) and (iv) as described in 3.2(4) below, the Tender Offer Price is 23.47% of the closing price of the Company’s shares on the Tokyo Stock Exchange up to the immediately preceding date, 23.68% of the average closing price of the shares for the past one month up to the immediately preceding date, 30.12% of the average closing price for the past three months up to the immediately preceding date, and 35.08% of the average closing price for the past six months up to the immediately preceding date which offer a reasonable premium on the average closing price of the shares. In light of the above, and after weighing the request to provide minority shareholders with an opportunity to sell its Target Company shares at a price with a reasonable premium against Bourns’ request for transaction protection, it is not appropriate to deprive Target Company shareholders of the opportunity to sell its Target Company shares at the Tender Offer Price just because of this threshold and break-up fee. Further, ensuring in each of the disclosure documents to be prepared and disclosed by the Tender Offeror and the Company, specific descriptions of the terms of the Tender Offer Agreement, including the terms of the Transaction Protection Provisions, will be made, to secure a situation where an informed judgment is made by general shareholders on the appropriateness, etc. of the transaction terms and conditions, the Company determined that it is appropriate to implement the Transaction

and, after confirming with the Special Committee, responded on June 10, 2025 to the effect of accepting the Tender Offeror's final proposal, and reached an agreement with the Tender Offeror to set the Tender Offer Price at JPY 8,075. In accepting the final proposal, the Company received a legal opinion from Keiwa Sogo Law Offices that the Company's acceptance of the Threshold and the Transaction Protection Provisions, including the Break-Up Fee, does not constitute a breach of the duty of care of a good manager by the directors of the Company under the Japanese Companies Act.

- In the course of such series of discussions and negotiations, since the establishment of the Special Committee, the Company, TRANS CAPITAL.INC and Keiwa Sogo Law Offices have shared and explained their policies with the Special Committee in a timely manner at the meetings of the Special Committee or by e-mail, and the Special Committee, while receiving appropriate advice from DTFA from time to time based on its extensive experience in tender offers and taking into consideration the opinions of outside experts with extensive knowledge and experience, and other relevant information from time to time, expresses its opinion on the policy for negotiating the transaction price and other transaction terms and conditions, with their substantial involvement.

(4) The Level of Premium

- The Tender Offer Price is a price representing a premium of 23.47% over the closing price of the Company Shares on the TSE on the Immediately Preceding Date, a premium of 23.68% over the simple average of the closing prices for the one-month period ending on the Immediately Preceding Date, a premium of 30.12% over the simple average of the closing prices for the three-month period ending on the Immediately Preceding Date, and a premium of 35.08% over the simple average of the closing prices for the six-month period ending on the Immediately Preceding Date.
- In light of the median premiums (52.74% over the closing price on the day preceding the announcement date, 53.09% over the simple average of the closing prices for the one-month period ending on the day preceding the announcement date, 49.00% over the simple average of the closing prices for the three-month period ending on the day preceding the announcement date, and 53.63% over the simple average of the closing prices for the six-month period ending on the day preceding the announcement date) in past similar cases (specifically, cases announced in or after July 2019 (i.e. after the publication of the Fair M&A Guidelines – Enhancing Corporate Value and Securing Shareholders' Interests) (but excluding cases adopting special structure such as two-step Tender Offer, etc.) and concluded on or before June 6, 2025, wherein the tender offeror had no capital relationship with the Company and sought to make the Company a wholly-owned subsidiary of itself), the Tender Offer Price represents a premium over the market price, and considering that the Company's share price has been in an upward trend for the past six months, the Tender Offer Price is considered to represent a reasonable premium.

(5) Conditions for this squeeze-out

- In this transaction, if the tender offeror fails to acquire all of the Company's shares through the tender offer, the tender offeror intends to promptly request the transfer of all of the Company's shares or carry out a share consolidation (implementation of the squeeze-out) after the settlement of the tender offer is completed.
- Additionally, it has been clearly stated that the terms of the squeeze-out will be determined based on the same price as the tender offer price.

3. Fairness of procedures related to this transaction

Based on the following points, it is deemed that the fairness of the procedures for the Transactions has been ensured since appropriate measures have been taken to ensure the fairness and no unreasonable points were identified in such measures:

(1) Establishment and Involvement of an Independent Special Committee

- It has been ensured that the Special Committee has been involved in the Transactions of formation of the terms and conditions of the Transactions after its establishment.
- The special committee consists of 3 members who concurrently service as outside directors (audit committee members) and independent officers, and 2 members who are outside experts having expertise in M&A (expertise in fairness of procedures and company valuation).
- Each member of the special committee is or will be paid remuneration of such contents and at such level as deemed appropriate for their respective duties.
- The Company's board of directors is deemed to have processes in place to make decisions in light of the purposes of the establishment of the special committee, and properly understanding and appreciating, as well as giving utmost respect to the decisions of the special committee.
- After its establishment, the special committee was informed in a timely manner of the policy for and detailed situation of discussions and negotiations between the Company and the Tender Offeror, and a system was in place to allow the special committee to give its opinion to the Company and TRANS CAPITAL. INC in light of such information in critical phases of the negotiation on the Tender Offer Price in particular and to be substantially involved in the negotiation process of the terms and conditions of the Tender Offer, especially the Tender Offer Price, such as requesting negotiations it deems necessary.

(2) Receipt of Advice from Outside Experts

(a) Financial advisor

- It is deemed that the Company appointed TRANS CAPITAL. INC as an independent financial advisor who has deep understanding of its business and received support in the consideration, negotiation, and decision regarding the Tender Offer.

(b) Legal advisor

- It is deemed that the Company appointed Keiwa Sogo Law Offices as an independent legal advisor and received legal advice on the Transactions.

(c) Third-party valuation institution

- The Company requested KPMG FAS, an independent third-party valuator, to value the Company Shares and obtained the Company's Share Valuation Report (KPMG FAS) in order to ensure the fairness and reasonableness of the terms and conditions of the Tender Offer, especially the Tender Offer Price, etc. in considering the response to the Transactions.
- In addition, the special committee engaged DTFA, an independent third-party valuator, as its third-party valuator to ensure the fairness and reasonableness of the terms and conditions of the Tender Offer (including the Tender Offer Price), and obtained the Company's Share Valuation Report (DTFA) and received advice on negotiation on the terms and conditions of the Transactions based on the valuation report.

(3) Market Check

- The Company has not performed active market checks to investigate and explore potential purchasers in the market.
- As of today, the Company received from the Alliance Candidate the Alliance Proposal addressed to the board of directors of Target Company, stating its intention to delist the Company and conduct due diligence based on the proposed delisting. Based on the advice of TRANS CAPITAL.INC and Keiwa Sogo Law Offices, in order to carefully evaluate and consider whether the Alliance Proposal will contribute to the enhancement of the corporate value of the Company and the protection of the common interests of the shareholders, as the Alliance Proposal does not contain sufficient information to determine whether the Alliance Proposal is worthwhile to accept the due diligence and to conduct a "sincere review" (Corporate Acquisition Guidelines 3.1.2), in accordance with the "Guidelines for Corporate Acquisition" (the "Corporate Acquisition Guidelines"), which was established by the Ministry of Economy, Trade and Industry on August 31, 2023, the Company requested the Alliance Candidate to provide written information regarding the experience and track record in the operation and restructuring of business corporations, as well as more detailed information on the acquirer's financial backing and the availability of personnel capable of implementing management policies. This request was sent by the Company to the Alliance Candidate on February 26, 2025, via email with the relevant documents attached. No information has been provided by the Alliance Candidate to the Company in response to this request. As noted in the Alliance Proposal, following the completion of due diligence, the Alliance Candidate was required to submit a specific proposal by April 15, 2025, and if it was determined that sufficient due diligence or other necessary reviews for the implementation of the Transactions could not be conducted, the Alliance Proposal would be withdrawn. Since no specific discussions have been held with the Alliance Candidate, and April 15, 2025, has passed.

- In addition, the Company received a Written Request from Shareholder X. Subsequently, the Company held an online meeting with the Shareholder X on March 28, 2025, to discuss the contents of the aforementioned written request. Based on the written request and the meeting, the Company, taking into consideration the advice from TRANS CAPITAL.INC and Keiwa Sogo Law Offices, reviewed the contents of the written request in accordance with the Corporate Acquisition Guidelines. The Company determined that the written request did not include the presentation of material transaction terms such as the acquisition price and was an abstract proposal regarding the Company's business operations. Therefore, it was determined that the request is not a "sincere acquisition proposal" (Corporate Acquisition Guidelines 3.1.2). Based on this decision, the Company responded to the Shareholder X via email on April 1, 2025, stating that it would accept the opinion that would contribute to enhancing the corporate value. Subsequently, on May 19, 2025, the Company received a written request from the Shareholder X via email to hold an early meeting for operational discussions and exchange of opinions with the Company. The Company received a request to conduct a broad discussion seeking a possibility of engaging in a variety of collaboration including a capital alliance. At this point, adjustments are being made to arrange such a meeting with the Shareholder X. Please note that the Company is arranging a meeting with the Shareholder X in parallel with the consideration of the Transaction as it was unclear from the written request received whether the collaboration to enhance the enterprise value can be conducted without conflicting with the Transaction and to confirm on this point.
- In light of the above circumstances, and taking into consideration the undeniable possibility that a third party may come up with a sincere proposal that is specific, justifiable in purpose, and feasible in the future, it is recognized that in this Transaction, the need to secure an opportunity for a so-called passive market check (counteroffer by another acquirer) is relatively high compared to similar cases. In this regard, the Tender Offeror is considering the possibility that the Tender Offeror will be able to acquire the shares of the Company in the future.
- In this regard, the period for purchase, etc. in the Tender Offer Period is 30 business days, which is the longest period required by law. The period from the day after June 10, 2025, when the commencement of the scheduled Tender Offer is to be announced, to August 12, 2025 (scheduled), the last day of the Tender Offer Period, is 44 business days, which is longer than the 20 business days that is the minimum period required by law. This means that the Tender Offeror has secured a long period of time during which it is possible to make a counteroffer after the announcement.
- In addition, the Tender Offer Agreement provides, in summary, the following transaction protection provisions (the "Transaction Protection Provisions"): (1) the Company shall pass a Support Resolution to express its opinion to endorse the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer, provided that the Company has received a written report from the Special Committee endorsing the Tender Offer and such a report has not been withdrawn or changed and the Company shall not change or conflict with the Support Resolution until the end of the Tender Offer period (except for the below (2)); (2) the Company may, in the event that, (I) a tender offer (the "Competing Tender Offer") for the Company Shares at a

purchase price exceeding 102.00% of the Tender Offer Price is commenced or a public announcement is made regarding the intention to acquire the Company Shares through a tender offer at a purchase price exceeding 102.00% of the Tender Offer Price (collectively with the Competing Tender Offer, the “Competing Offer”) (provided, however, that in either case, the Competing Offer must have (i) no upper limit to the number of the Company Shares to be purchased, and (ii) a lower limit set to secure at least two-thirds of the voting rights in the Company after the completion of the Competing Transaction) and (II) if (i) the Board of Directors of the Company reasonably determines, based on the opinion of outside counsel, that maintaining the Support Resolution constitutes a breach of fiduciary duty of the director of the Company, and (ii) the Committee recommends withdrawal or change the Support Resolution, (i) request to engage in negotiations regarding the amendment of the Tender Offer Price between the Tender Offeror after disclosing the opinion of the external legal counsel and (ii) if the Tender Offeror fails to revise the Tender Offer Price to the same as or higher than the tender offer price offered in the Competing Offer (defined below) by the earlier of five (5) business days after such proposal or the last day of the Tender Offer Period, the Company may change or withdraw the Support Resolution on the condition of payment of a break-up fee of up to USD 3 million (or the equivalent amount in Japanese Yen based on the exchange rate at the time of payment) to the Tender Offeror; and (3) after the execution of the Tender Offer Agreement and until the completion of the Squeeze-Out Procedure, the Company is restricted from actively encouraging or negotiating on transactions with a third party other than the Tender Offeror that substantially competing or conflicting with the Transactions (“Competing Transaction”), however, if the board of directors of the Company reasonably determines based on an opinion of external legal counsel, that maintaining the Support Resolution would constitute a breach of the fiduciary duty of the directors of the Company, the Company is permitted to engage in negotiations or other actions regarding the Competing Transaction (provided, however, that if the Competing Transaction is in the form of a tender offer, the Competing Transaction must have (i) no upper limit to the number of the Company Shares to be purchased, and (ii) a lower limit set to secure at least two-thirds of the voting rights in the Company after the completion of the Competing Transaction).

• As described in the Transaction Protection Provisions above, the Company is restricted to a certain extent from discussions with other potential acquirers under the Tender Offer Agreement. However, the threshold (102%) is not excessively high, and the amount of the break-up fee (up to USD 3,000,000 in an amount equivalent to transaction costs) is not excessively high as well. Also it is not of such a nature as to have the effect of substantially compelling the Company’s shareholders to approve the Transaction. In addition, considering that the content of the agreement (i) does not prohibit any contact, etc. with a offeror of the Competing Offer with respect to the restriction on discussion, etc. of Competing Transactions, (ii) does not prevent discussion, etc. in cases where the Company’s Board of Directors reasonably determines that such contact, etc. could violate the fiduciary duty of the directors of the Company, and (iii) does not prohibit such a competing proposer to contact the Company in the event that a competing proposer actually emerges, we believe that the Transaction Protection Provisions ensure that opportunities for take overs by other acquirers are sufficiently secured. With respect to the

Transaction Protection Provisions, we sought advice from Keiwa Sogo Law Office, and received a legal opinion that the Company's acceptance of the Transaction Protection Provisions does not constitute a breach of the fiduciary duty by the directors of the Company under the Japanese Companies Act.

(4) Conditions for Squeeze-Out Procedure

- In the Transactions, the Squeeze-Out Procedure is scheduled to be implemented after the Tender Offer (at present, to be implemented by way of Demand for Share Cash-Out or Share Consolidation), and the Squeeze-Out Procedure will be subject to calculation and determination based on the same price as the Tender Offer Price, and furthermore, the Squeeze-Out Procedure is to be implemented as procedures following and after the Tender Offer. Therefore, the terms and conditions of the Squeeze-Out Procedure are deemed to be fair and reasonable.
- In addition, matters concerning the Squeeze-Out Procedure as a so-called two-step acquisition will be disclosed and explained in a prompt and detailed manner, which demonstrates the effort to secure an opportunity for the Company's shareholders to make an informed decision. Other disclosure documents to be prepared and disclosed by the Tender Offeror and the Company will disclose information that is deemed necessary and reasonable for the Company's shareholders to decide the appropriateness of the terms and conditions of the Transactions including the Tender Offer.

(5) Majority of Minority

- The minimum number of shares to be purchased in the Tender Offer is set at 894,500 shares, which is the number of shares obtained by dividing the total number of issued shares of the Company as of March 31, 2025 (1,581,250 shares), as stated in the Company's financial report for the fiscal year ended March 31, 2025, by the number of shares (1,351,672 shares), less the number of treasury shares (229,578 shares) held by the Company as of the same date, by 2. The number of shares obtained by dividing the number of shares (1,351,672 shares) by two (675,836 shares (rounded up to the nearest whole number)), which is the number of shares obtained by deducting the number of treasury shares (229,578 shares) held by the Company as of March 31, 2025 from the total number of issued shares of the Company as of March 31, 2025 (1,581,250 shares) as stated in the Summary of Financial Results for the Fiscal Year Ended March 31, 2025. The number of shares to be purchased in the Tender Offer exceeds the number of shares to be purchased in the Tender Offer, and the minimum number of shares to be purchased in the Tender Offer is deemed to exceed the number corresponding to the so-called Majority of Minority.

(6) Enhancement of information provision to general shareholders and transparency of the process

- Disclosure documents to be prepared and disclosed by the Tender Offeror and the Company will disclose information that is deemed necessary and reasonable for the Company's shareholders to decide the appropriateness of the terms and conditions of the Transactions including the Tender Offer.

4. Whether the decision regarding the Transactions (including, if a tender offer is conducted in connection with the Transactions, the decision to express an opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer, as well as other decisions made by the Company regarding the procedures for the Transactions) are not deemed to be disadvantageous to the Company's minority shareholders

As described above, the purposes of the Transactions are deemed justifiable and reasonable, the terms and conditions of the Transactions are deemed fair and appropriate, and the procedures for the Transactions are deemed fair; hence, implementing the Transactions (including the Company's board of directors making a decision to express an opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer) is not deemed to be disadvantageous to the Company's minority shareholders.

5. Based on the above 1 to 4, whether the Company's board of directors should express its opinion in favor of the Tender Offer and recommend that the Company's shareholders to tender their shares in the Tender Offer

As described in 1 to 4 above, as the Transactions will help enhance the corporate value of the Company and the purposes of the Transactions are deemed justifiable and reasonable, it is deemed appropriate for the Company's board of directors to express an opinion in favor of the Tender Offer. Furthermore, as the terms and conditions of the Transactions are deemed fair and appropriate and the procedures for the Transactions are deemed fair, it is also deemed appropriate for the Company's board of directors to recommend that the Company's shareholders to tender their shares in the Tender Offer.

② Receipt of Advice from an Independent Law Firm by the Company

In early December 2024, it appointed Keiwa Sogo Law Offices as its legal advisor independent from the Tender Offeror and the Company and obtained legal advice including advice concerning matters such as measures to be taken to ensure the fairness of the procedures in the Transactions, various procedures for the Transactions, the method and process of decision-making by the Company on the Transactions. Keiwa Sogo Law Offices is not a related party of the Tender Offeror or the Company nor does it have any material interest in the Transactions including the Tender Offer. The Special Committee has confirmed that there was no problem in the independence and expertise of Keiwa Sogo Law Offices, based on which, it has approved Keiwa Sogo Law Offices as the Company's legal advisor. Also, the fees payable to Keiwa Sogo Law Offices do not include incentive fees which are payable subject to successful completion of the Transactions.

③ Procurement of a Share Valuation Report by the Company

For the purpose of ensuring the fairness and appropriateness of the terms and conditions of the Transactions, including the tender offer price, in deliberating and making decisions thereof, the Company has appointed KPMG FAS as an independent third-party valuator to determine the fair value of the Company Shares and has obtained the Company's Share Valuation Report (KPMG FAS) from KPMG FAS. In addition, KPMG FAS is not a related party of either the Tender Offeror or the Company and does not have any material interest in connection with the Transactions. In addition, the Special Committee examined the expertise and independence of DTFA before appointing Deloitte Tohmatsu Financial Advisory as its own third-party valuator at the meeting of the Special Committee held on May 12, 2025. For an overview of the valuation report on the value of our company's shares (KPMG FAS), please refer to "For an overview of the Company's Share Valuation Report (KPMG FAS), please refer to "(3) Matters concerning the valuation" above.

④ Unanimous Approval of All Disinterested Directors (Including Audit Committee Members) of the Company

It carefully discussed and deliberated on the terms and conditions of the Tender Offer by the Tender Offeror in light of legal advice on the process and method of decision-making on the Transactions and other points of attention obtained from Keiwa Sogo Law Offices, the contents of the Company's Share Valuation Report, and the Report obtained from the Special Committee, and as a result thereof, the Company resolved, at the board of directors meeting held today with the unanimous consent of eight directors (including audit committee members), as described in "③ Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Company" under "(2) Basis and Reasons for Opinion" that as the current opinion of the Company, if the Tender Offer is commenced, it will express an opinion in support of the Tender Offer and recommend that its shareholders tender their Target Company Shares in the Tender Offer.

Given the circumstances above, at the board of directors meeting referred to above, the Company also resolved (a) that when the Tender Offer is commenced, it will request the Special Committee established by the Company to consider whether or not there has been any change in the opinion in the Report and either to report to the Company's board of directors that there is no change in the previous opinion or, if there is a change, to express the new opinion thereto and (b) that based on such opinion, it will express its opinion again regarding the Tender Offer at the time of commencement of the Tender Offer.

⑤ Establishment of Measures to Secure Purchase Opportunities from Other Purchasers

The Tender Offer Period is set at 30 business days which are longer than the minimum period of 20 business days as prescribed by laws and ordinances, and the Tender Offer is a so-called pre-announced tender offer, and a certain period is secured from the announcement of terms and conditions including the Tender Offer Price until the commencement of the Tender Offer. Additionally, the Tender Offeror has not entered into any agreements with the Company that would unreasonably restrict the Company' from contacting potential competing offerors. Therefore, the Tender Offeror believes that it has ensured (i) the shareholders of the Company with an appropriate opportunity to make an informed

decision regarding the Tender Offer and (ii) the potential competing offerors with an opportunity to make acquisition proposals.

⑥ Establishment of Lower Limits That Satisfy the Majority of Minority Condition

The Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer, and therefore, the minimum number of shares to be purchased in the Tender Offer is set at 894,500 shares (Shareholding Percentage: 66.18%), and if the total number of Tendered Share Certificates, Etc., in the Tender Offer is less than the minimum number of shares to be purchased, the Tender Offeror will not proceed with the purchase or acquisition of all Tendered Share Certificates, Etc. Furthermore, the minimum number of shares to be purchased in the Tender Offer (894,500 shares) exceeds the number of shares obtained by dividing the Base Number of Shares (1,351,672 shares) (which is obtained by deducting the number of treasury shares held by the Company as of March 31, 2025 (i.e., 229,578 shares) from the total number of issued shares as of the same date (i.e., 1,581,250 shares. The same applies hereinafter.), as stated in the Company's Financial Results for Fiscal Year Ended March 31, 2025,) by 2 (675,836 shares, rounded up to the nearest whole number). This means that the minimum number of shares to be purchased in the Tender Offer exceeds the number equivalent to the so-called Majority of Minority, and the Tender Offeror respects the wishes of the Company's shareholders and intends to ensure the fairness of the Tender Offer by not proceeding with the Tender Offer if it does not obtain the approval of at least a majority of the Company's shareholders.

4. Matters concerning Important Agreements Related to the Tender Offer

① Tender Offer Agreement

The Tender Offeror has entered into the Tender Offer Agreement with the Company as of today. The following matters have been agreed upon in the Tender Offer Agreement.

- (a) The Tender Offeror will announce the commencement of the Tender Offer and, subject to the fulfillment of the conditions precedent or their waiver by the Tender Offeror, will conduct the Tender Offer.
- (b) The Company shall, subject to the receipt of a written report of approval from the Special Committee for the Tender Offer, and provided that such approval has not been withdrawn or amended, adopt an Support Resolution and, until the expiration of the purchase period for the Tender Offer, except as provided in (c) below, not amend the Support Resolution or adopt any resolution that conflicts with the Support Resolution.
- (c) If, after the conclusion of the Tender Offer Agreement, no later than 5 business days prior to the Tender Offer Period, (A) a third party other than the Tender Offeror initiates a Competing Tender Offer for the Company Shares at a price per share exceeding 102.00% of the Tender Offer Price, or if an announcement of an intention to acquire the Company Shares through a tender offer at a purchase price per share exceeding 102.00% of the Tender Offer Price is made (Limited to cases where it is reasonably expected that the funds necessary for acquiring the Company Shares can be raised and that the approvals and procedures required by laws and regulations for acquiring the Company Shares can be completed within a reasonable period of time) (However, in either case, it shall be limited

to those that (a) have no specified upper limit and (b) have a lower limit set to secure at least two-thirds of the voting rights of the Company after the completion of the tender offer for the Competing Proposal.); and (B)(a) the Company's board of directors reasonably determines, based on the opinion of outside counsel, that maintaining the Support Resolution would constitute a breach of the duty of care of the Company's directors, and (b) the Special Committee recommends the withdrawal or amendment of the Support Resolution, The Company may propose to the Tender Offeror to discuss the revision of the Tender Offer Price after disclosing the opinion of the such outside counsel to the Tender Offeror. Furthermore, if the Tender Offeror fails to change the Tender Offer Price to an amount equal to or higher than the tender offer price offered by the Competing Proposal by the earlier of the fifth business day after the date of the Competing Proposal or the last day of the Tender Offer Period, subject to the payment of a break-up fee to the Tender Offeror equal to the amount of expenses incurred by the Tender Offeror in connection with the Transactions (up to a maximum of USD 3 million (or the equivalent amount in Japanese yen based on the exchange rate at the time of payment)), the Company may amend or withdraw the Support Resolution.

- (d) The Company shall not actively solicit or negotiate any transactions with any third party other than the Tender Offeror that are substantially competitive or conflicting with the Transactions (the "Competing Transaction") during the period from the date of execution of the Tender Offer Agreement until the completion of the squeeze-out. However, if the board of directors of the Company reasonably determines, based on the opinion of outside counsel, that refraining from such negotiations or other actions would constitute a breach of the duty of care of the Company's directors, the Company may exceptionally engage in negotiations or other actions regarding the Competing Transaction(However, such exceptions shall be limited to cases where the Competing Transaction is in the form of a tender offer and falls under the requirements for a counter tender offer, and the number of the Company Shares to be purchased (a) have no specified upper limit and (b) have a lower limit set to secure at least two-thirds of the voting rights of the Company after the completion of the tender offer for the Competing Proposal.).
- (e) The Company shall, after the conclusion of the Tender Offer Agreement and until the completion of the squeeze-out, notify the Tender Offeror of the details of any proposal or other offer for a Competing Transaction received from a third party other than the Tender Offeror, and shall consult in good faith with the Tender Offeror regarding the response to such proposal or other offer, except in cases where such notification would clearly violate the duty of care of the directors.

The Tender Offer Agreement sets forth, in addition to the above, representations and warranties by the Tender Offeror and the Company (Note 1), other obligations of the Company (Note 2), and triggering events of cancellation/termination (Note 3). In addition, the Tender Offeror has taken out representation and warranty insurance, and it is stipulated that, except in cases where the breach of representation and warranty is fraudulent, the Tender Offeror shall only be entitled to claim compensation from the insurance company under such representation and warranty insurance for damages caused by the Company's breach of representation and warranty.

- (Note 1) In the Tender Offer Agreement, the Company makes representations and warranties regarding the Company Group, in essence, among others, (i) lawful and valid incorporation and existence as well as power and

capacity required for business, (ii) effective conclusion of the Tender Offer Agreement and fulfillment of procedures, (iii) acquisition of permits and licenses necessary for the conclusion and performance of the Tender Offer Agreement, (iv) no conflict with laws and regulations, (v) no grounds for petition for bankruptcy, (vi) no transactions with antisocial forces, (vii) no unpublished material facts, (viii) matters concerning the Company Shares and shares of subsidiaries, (ix) accuracy of financial information, (x) holdings of assets necessary for business operations and important contracts, (xi) acquisition of licenses and permits necessary for business operations, (xii) compliance with labor laws, environmental laws, and other applicable laws and regulations, (xiii) absence of litigation, (xiv) matters concerning tax returns and other filings, (xv) accuracy of information disclosed in connection with the Transactions, and the Tender Offeror makes representations and warranties regarding the Tender Offeror, in essence, among others, (i) lawful and valid incorporation and existence as well as power and capacity required for business, (ii) valid execution of the Tender Offer Agreement and fulfillment of procedures, (iii) acquisition of permits and licenses necessary for the conclusion and performance of the Tender Offer Agreement, (iv) no conflicts with laws and regulations, (v) no grounds for petition for bankruptcy, (vi) no transactions with antisocial forces, (vii) securing of funds for the Tender Offer.

(Note 2) In the Tender Offer Agreement, in addition to the obligations above, the Company undertakes, in essence, (i) to cooperate in the Squeeze-Out Procedure after the successful closing of the Tender Offer, (ii) an obligation to conduct business in the scope of ordinary operation during the period until completion of the Transactions, and (iii) an obligation to give notice when any breach of its own representations and warranties, breach of its own obligations, or failure to meet the Conditions Precedent is reasonably found.

(Note 3) The Tender Offer Agreement specifies, among others, (a) with respect to the other party (i.e., the Company for the Tender Offeror and the Tender Offeror for the Company) (i) material breach of obligations under the Tender Offer Agreement or (ii) material breach of representations and warranties, and (b) unless it is attributable to itself, failure to commence the Tender Offer by December 31, 2025, as grounds for cancellation.

5. Details of Benefits Provided by the Tender Offeror or its Special Related Parties

There are no applicable matters.

6. Policy on Matters Related to the Company's Control

There are no applicable matters.

7. Questions for the Tender Offeror

There are no applicable matters.

8. Request for Extension of the Tender Offer Period

There are no applicable matters.

9. Outlook for the future

Please see “② Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer by the Tender Offeror” and “④ Management Policy Following the Tender Offer” under “(2) Basis and Reasons for Opinion” under “3. Details, basis, and reasons for the opinion on the Tender Offer”, “(4) Possibility of Delisting and Reasons Therefor”, “(5) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition)” above.

End

(Reference) Please refer to the “Announcement of Planned Commencement of Tender Offer by Bourns Japan Holdings LLC for Shares in Tokyo Cosmos Electric Co., Ltd. (Code No. 6772)” dated today (attached).

(Translation)

June 10, 2025

To whom it may concern:

Company Name:	Tokyo Cosmos Electric Co., Ltd.
Name of Representative:	Yoshiki Iwasaki, Representative Director President (Code No. 6772 Tokyo Stock Exchange Standard Market)
Contact:	Jun Kubota, Director and General Manager of Administration Division (Phone: 046-253-2111)
Company Name:	Bourns Japan Holdings LLC
Name of Representative:	Albert Scott Yost, Chairman of the Board of Managers

**Announcement of Planned Commencement of Tender Offer by Bourns Japan Holdings LLC
for Shares in Tokyo Cosmos Electric Co., Ltd. (Code No. 6772)**

Bourns Japan Holdings LLC hereby announces that it has published the attached press release titled “Announcement of Planned Commencement of Tender Offer for Shares in Tokyo Cosmos Electric Co., Ltd. (Code No. 6772).”

This document is being disclosed in accordance with Article 30, Paragraph 1, Item 4 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, based on a request from Bourns Japan Holdings LLC (the Tender Offeror) to Tokyo Cosmos Electric Co., Ltd. (the Target Company of the Tender Offer).

(Attached document)

Announcement of Planned Commencement of Tender Offer for Shares in Tokyo Cosmos Electric Co., Ltd. (Code No. 6772)
dated on June 10, 2025

(Translation)

June 10, 2025

To whom it may concern:

Company Name: Bourns Japan Holdings LLC
Name of Representative: Albert Scott Yost, Chairman
of the Board of Managers

Announcement of Planned Commencement of Tender Offer for Shares in Tokyo Cosmos Electric Co., Ltd. (Code No. 6772)

Bourns Japan Holdings LLC (the “Tender Offeror”) hereby announces that on June 10, 2025, as part of a series of transactions aimed at making Tokyo Cosmos Electric Co., Ltd. (Code No. 6772, which is listed on the Standard Market of the Tokyo Stock Exchange Inc. (the “TSE”); the “Target Company”) a wholly-owned subsidiary of the Tender Offeror (the “Transactions”), it has decided to acquire the common shares of the Target Company (the “Target Company Shares”) through a tender offer (the “Tender Offer”) in accordance with the Financial Instruments and Exchange Act (the law No.25 of 1948, as amended; the “Act”), as described below.

The Tender Offeror has viewed that considering the fact that shareholders’ proposals for the Target Company’s 68th annual general meeting of shareholders to be held in June 24, 2025 (the “Annual General Meeting of Shareholders”) regarding the appointment of directors of the Target Company have been submitted from the shareholders of the Target Company (please see the Target Company’s “Notice regarding Receipt of the Shareholders’ Proposal” dated May 1, 2025), the Annual General Meeting of Shareholders will likely be an important place for the shareholders of the Target Company to determine the management policy and the controller of the management of the Target Company. In light of this, the Tender Offeror has determined that it would be beneficial for the Target Company’s shareholders to publicly announce the intention to implement the Transactions for the purpose of making the Target Company a wholly owned subsidiary of the Tender Offeror by the time of the Annual General Meeting of Shareholders and to present the Transactions as one of the important topics in connection with the proposals at the Annual General Meeting of Shareholders, thereby providing the Target Company’s shareholders with information necessary for them to make a decision on the management policy and the controller of the management of the Target Company. Furthermore, as at the Annual General Meeting of Shareholders, a proposal for the dividend of surplus is scheduled to be submitted (please see the Target Company’s “Notice regarding Dividend of Surplus” dated May 12, 2025), it is possible that an amendment motion by the shareholders of the Target Company may result in a resolution to increase the amount of the dividend of surplus. Therefore, the Tender Offeror has determined that it cannot commence the Tender Offer unless the Tender Offeror confirms the amount of the dividend of surplus resolved at the Annual General Meeting of Shareholders and determines the tender offer price per share of the Tender Offer (the “Tender Offer Price”) accordingly. Above all, the Tender Offeror has therefore made this announcement of planned commencement of the Tender Offer today.

Furthermore, based on the tender offer agreement that the Tender Offeror executed with the Target Company as of today (the “Tender Offer Agreement”; for details of the Tender Offer Agreement, please see “a. Tender Offer Agreement” under “(6) Matters Concerning Important Agreements Related to the Tender Offer” in “1. Purpose of the Purchase Etc.” below), the Tender Offeror intends to commence the Tender Offer promptly if certain conditions precedent (Note 1) (the “Conditions Precedent”) are satisfied or waived by the Tender Offeror.

As of today, the Target Company plans to hold the Annual General Meeting of Shareholders on June 24, 2025. If the Annual General Meeting of Shareholders is held on June 24, 2025 and the Conditions Precedent are satisfied or waived by the Tender Offeror, the Tender Offeror intends to commence the Tender Offer on June 30, 2025 (tentative) after the Annual General Meeting of Shareholders. Although the expected timing of the commencement of the Tender Offer may be changed, as of today, the Tender Offeror has no intention to withdraw the expected commencement date of the Tender Offer or withdraw the Tender Offer after its commencement. The Tender Offeror will promptly make an announcement if there is any change in the expected timing of the commencement of the Tender Offer.

(Note 1) The Tender Offer will be commenced if the following Conditions Precedent are satisfied or waived by the Tender Offeror. The Conditions Precedent are provided to be waived at the sole discretion of the Tender Offeror.

- a. A resolution of the Target Company’s board of directors to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer (the “Support Resolution”) has been duly adopted by the Target Company’s board of directors, publicly disclosed in accordance with applicable laws and regulations, and has not been withdrawn, amended, or contradicted by any conflicting board resolution of the Target Company.
- b. The Special Committee (as defined in “(i) Proposal from the Tender Offeror and the Background of Establishment of the Consideration Structure” under “b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” under “1. Purpose of the Purchase Etc.” below; hereinafter the same shall apply) has lawfully and validly issued a recommendation to the Target Company’s board of directors to adopt the Support Resolution, and such recommendation has been disclosed through the press release of the Target Company and has not been withdrawn or amended.
- c. Annual General Meeting of Shareholders of the Target Company has been held and concluded.

- d. No judgment, decision, or indication has been issued by any judicial or administrative authority asserting that the Tender Offer or the tender of shares is prohibited or restricted, or in violation of laws and regulations, nor is there any reasonable likelihood of such judgment, decision, or indication being issued.
- e. All obligations (Note 2) that the Target Company is required to perform or comply with under the Tender Offer Agreement have been performed or complied with in all material respects.
- f. The representations and warranties made by the Target Company set forth in the Tender Offer Agreement (Note 3) are true and accurate in all material respects.
- g. It is not reasonably expected that the Tender Offeror will be unable to obtain all necessary permits, approvals, or authorizations (Note 4) required under applicable laws and regulations to acquire all of the Target Company Shares tendered in the Tender Offer.
- h. No undisclosed material facts concerning the Target Company as defined under Article 166, Paragraph 2 of the Act (excluding those disclosed in accordance with Paragraph 4 of the same Article), nor any facts regarding the implementation of a tender offer or the cancellation of a tender offer as defined under the main text of Article 167, Paragraph 2 of the Act (excluding those that have been disclosed in accordance with the Tender Offer and Paragraph 4 of the same Article), exist.
- i. None of the conditions for withdrawal of the Tender Offer described in the tender offer notification for the Tender Offer have occurred.
- j. No change, event or circumstance occurs that has or could be reasonably expected to have a material adverse effect on the business, assets, liabilities, financial condition, operating results, cash flows, or future earnings plans or prospects of the Target Company.

(Note 2) For details of the obligations of the Target Company under the Tender Offer Agreement, please see “a. Tender Offer Agreement” under “(6) Matters Concerning Important Agreements Related to the Tender Offer” below.

(Note 3) For details of the representations and warranties made by the Target Company under the Tender Offer Agreement, please see “a. Tender Offer Agreement” under “(6) Matters Concerning Important Agreements Related to the Tender Offer” below.

(Note 4) As of today, there are no permits, approvals, or other authorizations that the Tender Offeror needs to obtain for the implementation of the Tender Offer.

1. Purpose of the Purchase Etc.

(1) Overview of the Tender Offer

The overview of the Tender Offeror is as follows:

(1) Name	Bourns Japan Holdings LLC
(2) Location	c/o CSC 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808 USA
(3) Title/Role and Name of Representative	Albert Scott Yost, Chairman of the Board of Managers
(4) Business Activities	Acquisition and ownership of the Target Company Shares, etc.
(5) Capital	USD 1,000 (Note 1)

(Note 1) JPY 144,900 (The conversion from U.S. dollars (“USD”) to Japanese yen (“JPY”) is calculated at the exchange rate of USD 1 = JPY 144.90, which is the TTM rate of the MUFG Bank, Ltd. as of June 9, 2025).

The Tender Offeror has decided to conduct the Tender Offer for all the Target Company Shares (excluding treasury shares held by the Target Company) as part of the Transactions if the Conditions Precedent are satisfied or waived by the Tender Offeror. The Tender Offeror does not hold the Target Company Shares as of today.

The Tender Offeror has set 894,500 shares (Shareholding Percentage (Note 2): 66.18%) as the minimum number of shares to be purchased in the Tender Offer (Note 3). If the total number of share certificates, etc. tendered in the Tender Offer (the “Tendered Share Certificates, Etc.”) is less than the minimum number of shares to be purchased (894,500 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, since the Tender Offer will be conducted for the purpose of making the Target Company a wholly-owned subsidiary of the Tender Offeror, there is no maximum number of shares to be purchased, and if the total number of Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (894,500 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) The term “Shareholding Percentage” means the percentage of the number of shares (1,351,672 shares), which is obtained by deducting the number of treasury shares held by the Target Company as of March 31, 2025 (229,578 shares) from the total number of issued shares as of the same date (1,581,250 shares) as stated in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Japanese GAAP)” (the “Target Company’s Financial Results for the Fiscal Year Ended March 31, 2025”) published by the Target Company on May 12, 2025 (rounded to two decimal places). The same shall apply hereinafter in the calculation of the Shareholding Percentage.

(Note 3) The “minimum number of shares to be purchased” is a tentative figure based on the information confirmed with the Target Company as of today, and the actual figure in the Tender Offer may differ from the above figure due to changes, etc. in the number of treasury shares held by the Target Company after today. The final “minimum number of shares to be purchased” will be determined prior to the commencement of the Tender Offer on the basis of the latest information available at the time of the commencement of the Tender Offer.

The minimum number of shares to be purchased (894,500 shares) is the number of shares (894,500 shares), which is the

product of (i) the number of voting rights obtained by deducting (x) the number of voting rights (66 voting rights) represented by the restricted shares of the Target Company granted to the directors of the Target Company (the “Restricted Shares”) (6,600 shares, Shareholding Percentage: 0.49%) (Note 4) from (y) the number of voting rights (9,011 voting rights, rounded up to the nearest whole number), which is obtained by multiplying the number of voting rights (13,516 voting rights) represented by the number of shares (1,351,672 shares) calculated by deducting the number of treasury shares held by the Target Company as of March 31, 2025 (229,578 shares) from the total number of issued shares as of the same date (1,581,250 shares) as stated in the Target Company’s Financial Results for the Fiscal Year Ended March 31, 2025, by two thirds (2/3), and (ii) the share unit of the Target Company (100 shares). The reason for setting such a minimum number of shares to be purchased is that if the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror intends to request the Target Company to implement a series of procedures to make the Tender Offeror the sole shareholder of the Target Company (the “Squeeze-Out Procedure”) after the completion of the Tender Offer, as described in “(4) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition)” below. If the share consolidation (as defined in “b. Share Consolidation” under “(4) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition)” below; hereinafter the same shall apply) is implemented as the Squeeze-Out Procedure, a special resolution of a general meeting of shareholders is required as provided for in Paragraph 2 of Article 309 of the Companies Act (the law No. 86 of 2005, as amended; the “Companies Act”). Therefore, in order to ensure the implementation of the Squeeze-Out Procedure, the Tender Offeror needs to hold two-thirds (2/3) or more of the total voting rights of all shareholders of the Target Company after the Tender Offer for the purpose of resolving the special resolution.

(Note 4) The Restricted Shares cannot be tendered in the Tender Offer as they are subject to transfer restrictions. However, at the Target Company’s board of directors meeting held today, it was resolved to express the opinion in favor of the Tender Offer, which is premised on the delisting of the Target Company, and at the time of such resolution, all directors who were allocated the Restricted Shares exercised their voting rights in favor of the resolution. Therefore, the Tender Offeror believes that the Target Company’s directors holding Restricted Shares are likely to consent to the Squeeze-Out Procedure if the Tender Offer is concluded and has excluded the number of voting rights represented by such Restricted Shares when considering the minimum number of shares to be purchased.

The Tender Offeror intends to fund the Transactions, including the Tender Offer, with its own funds and loans of up to USD 10 million from Bourns, Inc., the ultimate parent entity of the Tender Offeror (a California corporation; hereinafter referred to as “Bourns”).

According to the Target Company’s press release titled “Announcement Regarding Expression of Opinion in Favor of the Scheduled Commencement of the Tender Offer for the Company’s Shares by Bourns Japan Holdings LLC and Recommendation for the Tender Offer” published as of June 10, 2025 (the “Target Company’s Press Release”), the Target Company resolved at its board of directors meeting held on June 10, 2025 that as the current opinion of the Target Company, if the Tender Offer is commenced, the Target Company will express an opinion in favor of the Tender Offer and recommend that its shareholders tender the Target Company Shares in the Tender Offer.

For details of the decision-making process of the Target Company’s board of directors, please see the Target Company’s Press Release and “b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” below.

(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer

The background, purpose and decision-making process leading to the decision to conduct the Tender Offer, and the management policy following the Tender Offer are as follows. The following descriptions of the Target Company are based on information disclosed by the Target Company, the Target Company’s Press Release and explanations provided by the Target Company.

a. Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer by the Tender Offeror

The Tender Offeror is a Delaware corporation established by Bourns for the primary purpose of acquiring and owning the Target Company Shares. Bourns was founded in 1947 by husband-and-wife entrepreneurs Marlan and Rosemary Bourns, and currently has its headquarters in Riverside, California. Bourns as of today continues to thrive as a private enterprise, privately held by the Bourns family. A group of 36 subsidiaries and associated companies having Bourns as an ultimate holding company (the “Bourns Group”) is a global enterprise group with operations in over twenty (20) fully integrated manufacturing facilities worldwide with a presence in North America, Europe, Africa, Japan, Taiwan and People’s Republic of China, manufacturing and supplying a broad portfolio of electronic components to a multitude of end-markets, with business operations organized into three main focal areas:

- a) Sensing components and assemblies for measuring position, rotation, torque, speed, temperature, pressure, and humidity;
- b) Circuit protection components including discrete semiconductors, resistors, potentiometers, overvoltage protection, overcurrent protection, and thermal protection solutions;
- c) Power distribution and management components including inductors, transformers, EMC filters, chokes and chip beads.

The above three focus areas provide the Bourns Group with a broad portfolio of electronic components and solutions which helps the Bourns Group differentiate itself from its competition. By offering a wide selection of components, the Bourns Group simplifies the customers supply chain and allows designers to work with a wide range of solutions from the Bourns Group. As described below, the Target Company products can be naturally integrated into the portfolio provided by the Bourns Group, especially in the business areas of sensing components and assemblies (above (a)) and circuit protection components (above (b)) above and are considered to have synergistic effects.

Bourns takes pride in its fully integrated organization that performs design, development, manufacturing, and logistics throughout the world. Bourns Group's products are sold through a global sales organization, supported by regional technical product and field application engineers providing specialized technical know-how to serve customers directly. Bourns has its pride that it is known and recognized globally for high quality, reliability, on time delivery, customer service, and integrity.

While Bourns strives to expand its above three business areas, Bourns is an acquisitive company. Bourns also has a history of having completed twenty or more acquisitions in the last twenty years, including its largest acquisition to-date on Komatsulite Mfg. Co., Ltd. in Japan (now known as Bourns KK), and it believes that it has a strong ability to close deals in a timely and equitable manner. Bourns acquires strong companies in which future growth potential can be unlocked through continuous investment and improvement. Bourns has a history of investing heavily into its acquired business entities to accelerate their capabilities and ability to rapidly grow in the marketplace.

On the other hand, according to the Target Company, it was founded in Tokyo in 1957 for the purpose of manufacturing and sales of variable resistors. In 1961, it was listed on the Second Section of the TSE, and in 1972, it moved its head office to Hachioji City. The Target Company established Shirakawa Cosmos Electric Co., Ltd. in Shirakawa, Fukushima in 1972. In 1984, it established Nakatsu Cosmos Electric Co., Ltd. in Nakatsu, Oita, and TOCOS America, Inc., its first overseas subsidiary, in Schaumburg, Illinois, USA. In 1985, it established Aizu Cosmos Electric Co., Ltd. in Aizuwakamatsu, Fukushima. In 1987, it established Taiwan Tocos Electric Co., Ltd. in Taipei, Taiwan, and relocated its head office to the current location. In 2010, it established Yantai Cosmos Electric Co., Ltd. and Yantai Cosmos Corporation in Shandong Province, China. In 2015, the Target Company established Guangzhou TOCOS Electric Co., Ltd. in Guangdong Province, China, comprising the Target Company's group to date. In 2017, the Target Company established a second factory at its consolidated subsidiary Aizu Cosmos Electric Co., Ltd. and has attempted to expand its operations. In April 2022, the Target Company transitioned from the Second Section of the TSE to the Standard Market of the TSE. The Target Company's corporate group, comprising the Target Company and its eight consolidated subsidiaries (the "Target Company Group"), is involved in the manufacturing and sale of variable resistors, automotive electrical components, and other products. The position of the Target Company and its associated companies within their business and their relationship with the segments are as follows:

With respect to variable resistors, the Target Company is responsible for sales, while production is carried out at the manufacturing plants of its consolidated subsidiaries, namely, Shirakawa Cosmos Electric Co., Ltd., Nakatsu Cosmos Electric Co., Ltd., Aizu Cosmos Electric Co., Ltd., and Guangzhou TOCOS Electric Co., Ltd. in China.

With respect to automotive electrical components, the Target Company is responsible for sales, while production is carried out at the manufacturing plants of its consolidated subsidiaries, namely, Shirakawa Cosmos Electric Co., Ltd., Nakatsu Cosmos Electric Co., Yantai Cosmos Electric Co., Ltd., Aizu Cosmos Electric Co., Ltd., and Guangzhou TOCOS Electric Co., Ltd.

A number of the Target Company Group's products are distributed through the following consolidated subsidiaries of the Target Company: Taiwan Tocos Electric Co., Ltd., TOCOS America, Inc, Yantai Cosmos Corporation, and Guangzhou TOCOS Electric Co., Ltd.

The Target Company has been known to Bourns for many years as a both a peer and a partner in the marketplace, with both companies having like product portfolios in the space of potentiometers (Note 1) and angle sensor products (Note 2). In particular, Bourns has analyzed that the potentiometers provided by the Target Company are compatible with Bourns Group's circuit protection components (above (b)), and that the angle sensor products are compatible with Bourns Group's sensing components and assemblies (above (a)). Traditionally Bourns has viewed the Target Company as having a strong presence with its products predominantly in the Japanese and Asian marketplace, mostly as direct relationships with Japanese OEMs (Note 3), whereas Bourns has had limited ability to capture this Japanese and Asian markets while more successfully expanding its presence in the North American and European markets. Bourns believes that given the scale of the existing Target Company business, and the additional resources and capital necessary to enter into a wider global market, it would require large financial contributions in order to expand geographic market area including North American and European markets, making it challenging for the Target Company to accelerate growth of its current business. This is seen as an area whereby Bourns can leverage its global sales and operations infrastructure to drive improved performance for the Target Company.

(Note 1) "Potentiometers", sometimes known as "variable resistors" are electronic components that comprise a three-terminal resistor with a sliding or rotating contact that forms an adjustable voltage divider. There are various types of potentiometers including rotary potentiometers (which typically adjust the resistance by twisting a sliding contact via a mechanical interface or shaft attached to a knob), and linear potentiometers (which typically adjust the resistance by sliding a contact linearly).

(Note 2) "Angle sensor products" are electronic components that are capable of sensing and measuring an angular displacement typically through measuring a voltage measured relative to the displacement. Types of angle sensor products include magnetic angle sensors (which utilize magnetic fields to determine the angle), optical angle sensors (which use light to measure the angles) and potentiometric angle sensors (which use a potentiometer to measure the angle based on resistance change)

(Note 3) OEMs stand for “Original Equipment Manufacturing”, meaning, a company that manufactures products under another company’s brand, or engages in such activities, while such company is only entrusted with the production operations.

Similarly, as a public company having limited market size, Bourns believes that based on the history where the Target Company has not been able to expand its geographic market areas including North America and European markets, it has been difficult for the Target Company to inject the necessary capital needed to invest in sustaining and growing its product and technology portfolio in order to realize the true growth potential that exists within the marketplace today. Bourns sees a significant opportunity for the Target Company, as part of a private company, by benefiting from the ability for Bourns to inject additional investment capital, to expand its product offerings to a wider customer base. Furthermore, the Target Company today handles fewer products than what Bourns Group handles and thereby potentially hampering the ability to garner stronger customer interest or penetration. By bringing the Target Company into the Bourns Group’s portfolio of companies, Bourns can provide a broader combined product offering to the Target Company’s existing customers and thereby create strong partnerships and solutions for the existing the Target Company customer base.

Bourns has enjoyed an ongoing business relationship with the Target Company from around 2016 as a private-label partner whereby the Target Company purchases some of its products from Bourns and sells those products to the Target Company’s consumers under the Target Company’s brand name. To further deepen such business relationship, around mid-February of 2024, Bourns met with the Target Company management at Bourns’ head office to discuss our ongoing collaboration. During this meeting it was agreed that there may be business areas of deeper collaboration to be had between the two companies and the two companies exchanged broader information about their respective product portfolios. As part of the shared belief between the two companies that some form of collaboration would be mutually beneficial, a confidentiality agreement between the two companies was entered into on April 28, 2024. The initial focus of such collaboration was to explore if there was opportunity to expand the scope of two-way private labelling of each other’s products, i.e. Bourns could sell more of the Target Company’s products into the Americas market while potentially the Target Company could sell some of Bourns Group’s products into the Japanese market. Around July of 2024, Bourns’ management team visited the Target Company in Japan to further these discussions, which included a visit to the Target Company facility. Based on Bourns’ learning about the Target Company’s corporate philosophy, management style and vision for the future growth during the site visit, and the preceding months discussions with the Target Company, it became clear that the Target Company would be a good-fit acquisition for Bourns and, in particular, for Bourns sensing components and assemblies division where several synergies with Target Company such as there were commonality with the products handled by the Target Company in such business division, it would be a natural addition to the portfolio of Bourns solutions were identified. After the site visit around July of 2024, Bourns informally inquired of the Target Company whether or not they thought their management team would entertain further business collaboration including an acquisition approach by Bourns based on Bourns views that the Target Company would be a good fit business. In late July 2024, Bourns has received a positive response from the Target Company indicating that a strategic direction which could help secure the long-term success and operations of the Target Company would be considered by their board of directors.

Consequently, after late July 2024, Bourns continued its internal analysis of the Target Company, including its portfolio of products; the Target Company’s particular market focus and trends associated with such markets; and its financial historical performance based on publicly available information. As the result of the internal analysis, Bourns concluded that a business alliance that does not involve a capital relationship is not sufficient to further deepen the existing business relationship with the Target Company and that holding the Target Company Shares and directly controlling the management of the Target Company would provide continuous growth for the Target Company. Accordingly, Bourns decided that making the Bourns Group a wholly-owned subsidiary by way of tender offer and subsequent procedure is the most beneficial method, and on November 4, 2024, Bourns submitted to Target Company a non-binding letter of interest to conduct the Transactions in order to acquire one-hundred percent of the Target Company Shares (excluding treasury shares owned by the Target Company) with a tender offer price range of JPY 5,400 to JPY 5,600 per share (the “First Proposal”). The tender offer price for the First Proposal represents a premium (27.06% to 31.76% (rounded to the second decimal place; same shall apply to calculation of premium hereinafter)) over the closing price of JPY 4,250 of the Target Company Shares on the TSE Standard Market on November 1, 2024, the business day immediately preceding November 4, 2024.

On November 21, 2024, Bourns and the Target Company signed a confidentiality agreement stipulating, among other things, Bourns and the Target Company have confidentiality obligations to both with respect to due diligence and other aspects of the Target Company considering implementation of the Transaction by Bourns. Further, Bourns further conducted due diligence from January 1, 2025 to early May 2025, on the Target Company, which provided Bourns additional insights into the Target Company business necessary to further evaluate and conclude on a firm valuation for the business.

During the due diligence period, around mid-February of 2025, an additional site visit was held in Japan with senior management from both parties to discuss on the Transactions followed by a conclusion of site visits the week of March 17, 2025 where executives from Bourns conducted visits to all of the remaining Target Company’s operating facilities that had not previously been visited.

After April 1, 2025, in light of the fact that the due diligence of the Target Company by Bourns has progressed significantly, in order to exercise caution in the Target Company’s decision-making regarding the Transactions, to eliminate arbitrariness and conflicts of interest in the decision-making process of the Target Company’s board of directors and to ensure fairness, transparency and objectivity, the Target Company established the Special Committee on April 21, 2025, consisting of members who are independent from both Bourns and the Target Company.

Thereafter, on April 30, 2025, considering the increase in the stock price of the Target Company Shares, Bourns submitted to the Target Company a letter of intent proposing to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 6,910 per share (the "Second Proposal"). The tender offer price for the Second Proposal represents a premium (12.54%) over the closing price of JPY 6,140 of the Target Company Shares on the TSE Standard Market on April 28, 2025, the business day immediately preceding April 30, 2025.

After the review by the Target Company, Bourns has received a response from the Target Company stating that the Target Company would proceed with specific consideration through an appropriate process, including the establishment of the Special Committee, on May 2, 2025. In addition, on May 6, 2025, Bourns received a request from the Target Company, by email and web conference, to reconsider the tender offer price, based on the advice from TRANS CAPITAL.INC (defined below), the Target Company's financial advisor, on the grounds that the appropriate portion of the value expected to be realized in the future by the execution of the Transactions was not sufficient as the price that was appropriately distributed to the Target Company's shareholders. Furthermore, on May 7, 2025, Bourns received another request via a web conference from the Target Company to reconsider the tender offer price, with TRANS CAPITAL.INC in attendance. Subsequently, in consideration of the above request from the Target Company and the fact that a proposal for the dividend of surplus of JPY 175 per share (with a record date of March 31, 2025) (the "Proposed Dividend Amount") is scheduled to be submitted (the "Dividend of Surplus Proposal") at the Annual General Meeting of Shareholders of the Target Company, on May 22, 2025, Bourns submitted to the Target Company a letter of intent proposing to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 7,100 per share (the "Third Proposal"). The tender offer price for the Third Proposal represents a premium (10.08%) over the closing price of JPY 6,450 of the Target Company Shares on the TSE Standard Market on May 21, 2025, the business day immediately preceding May 22, 2025.

However, Bourns received a request from the Target Company on May 27, 2025, by email and web conference, based on advice from TRANS CAPITAL.INC to reconsider the tender offer price, stating that the appropriate portion of the value expected to be realized in the future by the execution of the Transactions was not sufficient as the price that was appropriately distributed to the Target Company's shareholders.

Based on this request from the Target Company, Bourns held a meeting with the Target Company on June 3, 2025, and after reconfirming the value expected to be realized in the future by the execution of the Transactions, Bourns conducted another careful consideration and, as a result, on June 3, 2025, submitted a final proposal to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) in order to conduct the Transactions and set the tender offer price at JPY 8,250 per share (representing a premium (26.92%) over the closing price of JPY 6,500 of the Target Company Shares on the TSE Standard Market on June 2, 2025, the business day immediately preceding June 3, 2025) (the "Final Proposal (Before Considering the Proposed Dividend Amount)"), replacing the tender offer price presented in the Third Proposal. In response, the Target Company requested Bourns to present a tender offer price that incorporates the Proposed Dividend Amount so that it would be easier for the Target Company's shareholders to understand, as the Final proposal (Before Considering the Proposed Dividend Amount) did not incorporate the Proposed Dividend Amount. Following this request, Bourns submitted a revised final proposal on June 7, 2025, replacing the tender offer price proposed in the Final proposal (Before Considering the Proposed Dividend Amount) with the Tender Offer Price of JPY 8,075 per share, which is JPY 175 lower per share (equivalent to the Proposed Dividend Amount) than the tender offer price (representing a premium (23.47%) over the closing price of JPY 6,540 of the Target Company Shares on the TSE Standard Market on June 6, 2025, the business day immediately preceding June 7, 2025) (the "Final Proposal (After Considering the Proposed Dividend Amount)"). The Final proposal (Before Considering the Proposed Dividend Amount) and the Final Proposal (After Considering the Proposed Dividend Amount) are economically equivalent for the Target Company's shareholders.

Thereafter, Bourns received a written acceptance of the Final Proposal (After Considering the Proposed Dividend Amount) from the Target Company today.

Following these developments, Bourns and the Tender Offeror decided on June 10, 2025, to implement the Tender Offer subject to the satisfaction of the Conditions Precedent or the waiver thereof by the Tender Offeror.

b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company
(i) Proposal from the Tender Offeror and the Background of Establishment of the Consideration Structure

According to the Target Company, the Target Company received the First Proposal, which is an initial letter of intent from Bourns, addressed to Mr. Yoshiki Iwasaki, the representative director of the Target Company, regarding the Transactions, including due diligence and other proposals related to the Transactions on November 4, 2024. As a result of this, in January 4, 2025, the Target Company appointed Keiwa Sogo Law Offices as an independent legal advisor to the Target Company and Bourns, taking into account its expertise, performance, and the fact that Bourns is an overseas company, to receive legal advice, including advice on measures to be taken to ensure the fairness of the procedures for the Transactions, the procedures for the Transactions, and the methods and processes for the Target Company's decision-making regarding the Transactions. Following this, on December 18, 2024, after carefully reviewing the proposal, the Target Company has decided to commence due diligence and other specific discussions and negotiations toward the Transactions. Please note that the remuneration paid to Keiwa Sogo Law Offices does not include contingency fees to be paid contingent upon the closing of the Transaction.

In addition, according to the Target Company, although the Target Company is not a consolidated subsidiary of Bourns and the Tender Offer does not constitute an acquisition of a subsidiary company by a controlling shareholder, in light of the fact that the general shareholders of the Target Company are expected to be ultimately squeezed out in exchange for money, the appropriateness of the transaction terms is considered to be particularly important for the interests of the Target

Company's shareholders in the Transactions, and the due diligence by Bourns on the Target Company has progressed to a considerable extent, in order to exercise caution in the Target Company's decision-making regarding the Transactions, to eliminate arbitrariness and conflicts of interest and to ensure fairness, transparency, and objectivity in the decision-making process of the Target Company's board of directors, the Target Company has, based on the advice of Keiwa Sogo Law Offices, established a special committee on April 21, 2025, which consists of five members: Mr. Masanori Ono (independent outside director of the Target Company (audit committee member) and attorney), Ms. Takako Morita (independent outside director of the Target Company (audit committee member) and tax accountant), and Mr. Kaneki Yamaguchi (independent outside director of the Target Company (audit committee member)), who are independent from both Bourns and the Target Company and are outside directors and independent officers of the Target Company, and Mr. Mikiharu Mori (attorney) and Mr. Kazuhiro Fujita (certified public accountant), who are outside experts with experience in numerous M&A transactions and experience as a member of special committees involved in M&A transactions (the "Special Committee"). Each member of the Special Committee will be paid a fixed monthly remuneration for their duties, regardless of the details of their recommendations. In addition, the Target Company has consulted with the Special Committee with respect to: (i) the appropriateness and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to enhancing the Target Company's corporate value); (ii) the fairness and appropriateness of the terms and conditions of the Transactions (including, if a tender offer is conducted in connection with the Transactions, the tender offer price, etc.); (iii) the fairness of the negotiation process and procedures leading to the decision regarding the Transactions; (iv) whether the decision regarding the Transactions (including, if a tender offer is conducted in connection with the Transactions, the decision to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, as well as other decisions made by the Target Company regarding the procedures for the Transactions) are not deemed to be disadvantageous to the Target Company's minority shareholders; and (v) based on the above (i) to (iv), whether the Target Company's board of directors should express its opinion in favor of the Tender Offer and recommend that the Target Company's shareholders to tender their shares in the Tender Offer (collectively, the "Inquired Matters"). The Target Company's board of directors has resolved that: (a) in consulting with the Special Committee, the Target Company's board of directors will make decisions regarding the Transactions with full respect for the Special Committee's judgement, and if the Special Committee determines that the terms and conditions of the Transactions are not appropriate, it will not consent to the Transactions on such terms and conditions; (b) so that the Special Committee may ensure appropriate judgment and fully perform its role, the Target Company's board of directors will (i) grant the authority to appoint financial advisors, third-party valuers, or legal advisors (the "Advisors") of the Special Committee or to designate or approve (including ex post facto approval) the Target Company's Advisors (The Special Committee may seek professional advice from the Target Company's Advisors, if it determines that such Advisors possess the high level of expertise and there are no issues with their independence and that the Special Committee can rely on them for professional advice.) (Provided that any reasonable expenses incurred in connection with the professional advice provided by the Special Committee's Advisors shall be borne by the Target Company.); (ii) grant the authority to request explanations regarding necessary matters from the Target Company's officers or employees involved in the Transactions or the Target Company's Advisors related to the Transactions; and (iii) grant the authority to substantially participate in negotiation process regarding the terms and conditions of the Transactions and conduct negotiations directly when necessary, by confirming the Target Company's policy regarding negotiations related to the terms and conditions of the Transactions in advance, receiving timely reports on the status of such negotiations, providing opinions at critical junctures, and giving instructions and requests.

Subsequently, according to the Target Company, on September 6, 2024, the Target Company appointed TRANS CAPITAL.INC as an independent financial advisor to Bourns, Tender Offeror, and the Target Company, and on April 28, 2025, KPMG FAS Co., Ltd. ("KPMG FAS") as a third-party valuator, based on their deep understanding of the Target Company's business. Please note that the remuneration paid to TRANS CAPITAL.INC and KPMG FAS in connection with the Transactions do not include contingency fees to be paid contingent upon the closing of the Transactions. Furthermore, the Target Company has confirmed in the Special Committee that there are no issues regarding the independence and expertise of TRANS CAPITAL.INC, which serves as the Target Company's financial advisor, KPMG FAS, which serves as the third-party valuator, and Keiwa Sogo Law Offices, which serves as the Target Company's legal advisor, and has obtained approval for the appointment of TRANS CAPITAL.INC and Keiwa Sogo Law Offices on April 28, 2025 and the appointment of KPMG FAS on May 8, 2025. In addition, as described in "b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below, the Special Committee, based on the above authority, confirmed the independence and expertise of Deloitte Tohmatsu Financial Advisory LLC ("DTFA"), and appointed Deloitte as its independent third-party valuator on May 12, 2025.

In addition to the above, regarding the background to the establishment of the Special Committee, the process of the consideration, and the details of the decision, please see "b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below.

(ii) Background of the Consideration and Negotiations

The Target Company has indicated that the Target Company has received advice from TRANS CAPITAL.INC and Keiwa Sogo Law Offices regarding the negotiation policy with Bourns and other measures to ensure the fairness of the procedures related to the Transactions. Based on this advice, the Target Company has carefully considered whether the Transactions should be conducted and the appropriateness of the terms and conditions of the Transactions, including the Tender Offer

Price.

According to the Target Company, since its founding, the Target Company has continued its business of manufacturing and selling variable resistors as considering itself as a leading company in variable resistors. In line with this, the Target Company has endeavored to expand its business of manufacturing and selling automotive electrical components, which is expected to grow in line with market trends.

However, as demonstrated by the financial results for the past ten fiscal years (from the fiscal year ended March 2014 to the fiscal year ended March 2024), the Target Company has been facing the following challenges in recent years and is actively implementing measures to address them.

In the field of variable resistor manufacturing and sales, the Target Company has established a structure that enables it to maintain a certain level of operating margin, even compared to the operating margin of 4.0% for small, medium-sized, and large manufacturing companies according to the basic survey of commercial and manufacturing structure and activity conducted by the Ministry of Economy, Trade and Industry, with an operating margin of 12.09% for the fiscal year ended March 2024 and an operating margin exceeding 8.0% since the fiscal year ended March 2022, thanks to its long-standing experience, ability to handle large-scale production, and cost management. However, in terms of an increase in mid to long-term sales, the market for variable resistors has matured, making it difficult to achieve significant sales growth.

The changes in sales, operating income, and operating margin of the Target Company for the past 10 years are as shown in the table below.

(Amount: JPY million)

	58th fiscal year ended March 2015	59th fiscal year ended March 2016	60th fiscal year ended March 2017	61st fiscal year ended March 2018	62nd fiscal year ended March 2019	63rd fiscal year ended March 2020	64th fiscal year ended March 2021	65th fiscal year ended March 2022	66th fiscal year ended March 2023	67th fiscal year ended March 2024
Sales	7,670	7,159	8,340	10,239	10,237	8,933	7,865	9,511	10,712	10,434
Operating income	100	-100	431	373	417	187	48	795	1,349	1,261
Operating margin	1.30%	-1.40%	5.17%	3.64%	4.07%	2.09%	0.61%	8.36%	12.59%	12.09%

In this situation, according to the Target Company, the Target Company believed that as it was considering the necessity of collaborating with a business partner who could provide complementary capabilities for the Target Company in connection with expansion of its product lineup and its sales network overseas. Therefore, as the Target Company acknowledged the Tender Offeror as a peer in the marketplace and had a business relationship from the past, the Target Company has decided to consider Bourns as a candidate for such a partner who has sales network in North America and Europe. However, while the Target Company recognized Bourns as a major competitor in variable resistors, Bourns is a non-public company, and details regarding its business operations were not disclosed. Therefore, in order to explore the possibility of future business alliances with Bourns, 4 officers of the Target Company visited Bourns' headquarters on February 15, 2024 and held a meeting with Bourns to learn about its actual corporate status and business operations. During the meeting, the Target Company gained a deeper understanding of Bourns' global business expansion, research and development status, employee training status, and management policies. Additionally, the Target Company newly recognized that Bourns possesses a wide range of products, such as sensors, variable resistors, and power solution-related components, operates in various fields including transportation machinery (including aerospace) and medical devices, and has a strong global reach not only in the United States but also in Europe, Asian countries including China, and other regions worldwide.

The Target Company has indicated that, following the aforementioned meeting, the Target Company and Bourns exchanged information regarding the possibility of becoming mutual collaboration partners, and on July 29 and 30, 2024, Bourns visited the Target Company's head office and factories, and the management teams of both companies began specific consideration regarding the collaboration.

Subsequently, according to the Target Company, on November 4, 2024, the Target Company received from Bourns the First Proposal including a proposal to set the tender offer price at JPY 5,400 to JPY 5,600 and proposals regarding due diligence and other matters related to the Transactions. The tender offer price for the First Proposal represents a premium (27.06% to 31.76%) over the closing price of the Target Company Shares on the TSE Standard Market on November 1, 2024, the business day immediately preceding November 4, 2024. In response, on November 11, 2024, the Target Company sent a written response to Bourns by e-mail, stating that it would "consider the First Proposal" and that "the conclusion of a confidentiality agreement is necessary in order to accept the due diligence" regarding the First Proposal, and on November 21, 2024, the Target Company concluded a confidentiality agreement with Bourns for the acceptance of the due diligence and other purposes. The due diligence by Bourns was conducted from January 1, 2025 to early May 2025. In addition, on April 11, 2025, the Target Company held an online meeting with Bourns' management executives and confirmed that Bourns plans to complete its due diligence by May 1, 2025, that a final institutional decision on the execution of the Transactions by Bourns will be made after the completion of the due diligence, and that the Target Company is willing to proceed with the Transactions and intends to execute the Transactions unless there are any significant obstacles arising from the results of the due diligence.

The Target Company has indicated that, through these meetings, the Target Company believed that the feasibility of the Transactions by Bourns had increased and resolved to establish the Special Committee at a meeting of its board of directors held on April 21, 2025.

Subsequently, according to the Target Company, on April 30, 2025, the Target Company received the Second Proposal from Bourns, proposing to acquire all of the shares of the Target Company (excluding treasury shares held by the Target Company) in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 6,910 per share. Thereafter, upon receiving the Second Proposal, and after confirming its details, the Target Company replied to Bourns on May 2, 2025, stating that it would proceed with specific consideration through an appropriate process. On May 6, 2025, the Target Company requested Bourns, by email and web conference, to reconsider the Tender Offer Price, based on the advice from TRANS CAPITAL.INC, on the grounds that the appropriate portion of the value expected to be realized in the future by the execution of the Transactions was not sufficient as the price that was appropriately distributed to the Target Company's shareholders. Furthermore, on May 7, 2025, the Target Company, with TRANS CAPITAL.INC in attendance, again requested Bourns to reconsider the Tender Offer Price via a web conference.

According to the Target Company, under such circumstances, on February 18, 2025, the Target Company received from a shareholder engaged in financial services ("Alliance Candidate"), a non-binding letter of intent ("Alliance Proposal") addressed to the board of directors of Target Company, stating its intention to delist the Target Company and conduct due diligence based on the proposed delisting. As described in "b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below, based on the advice of TRANS CAPITAL.INC, which has been appointed as the financial advisor to the Target Company, and Keiwa Sogo Law Offices, which has been appointed as the legal advisor, in order to carefully evaluate and consider whether the Alliance Proposal will contribute to the enhancement of the corporate value of the Target Company and the protection of the common interests of the shareholders, as the Alliance Proposal does not contain sufficient information to determine whether the Alliance Proposal is worthwhile to accept the due diligence and to conduct a "sincere review" (Corporate Acquisition Guidelines 3.1.2), in accordance with the "Guidelines for Corporate Acquisition" (the "Corporate Acquisition Guidelines"), which was established by the Ministry of Economy, Trade and Industry on August 31, 2023, the Target Company requested the Alliance Candidate to provide written information regarding the experience and track record in the operation and restructuring of business corporations, as well as more detailed information on the acquirer's financial backing and the availability of personnel capable of implementing management policies. Target Company sent this request to the Alliance Candidate on February 26, 2025, via email with the relevant documents attached. No information has been provided by the Alliance Candidate to the Target Company in response to this request. In addition, the Target Company has received an email from the Alliance Candidate on March 15, 2025, requesting individual interviews with all directors of the Target Company to support the decision on the appointment of each director candidate at the shareholders' meeting. In response, all directors of the Target Company conducted individual online interviews with the Alliance Candidate between April 14, 2025, and April 18, 2025. However, during these interviews, the Alliance Candidate did not provide the information requested by the Target Company. As noted in the Alliance Proposal, following the completion of due diligence, the Alliance Candidate was required to submit a specific proposal by April 15, 2025, and if it were determined that sufficient due diligence or other necessary reviews for the implementation of the Transactions could not be conducted, the Alliance Proposal would be withdrawn. Since no specific discussions have been held with the Alliance Candidate, and April 15, 2025, has passed, the Target Company believes that the Alliance Proposal has expired as of the aforementioned deadline.

In addition, the Target Company received a written request from a shareholder that is a business corporation ("Shareholder X"), requesting the Target Company's board of directors to engage in discussions regarding business operations aimed at enhancing the corporate value of the Target Company (the "Written Request"). Subsequently, the Target Company held an online meeting with the Shareholder X on March 28, 2025, to discuss the contents of the aforementioned written request. Based on the written request and the meeting, the Target Company, taking into consideration the advice from TRANS CAPITAL.INC and Keiwa Sogo Law Offices, reviewed the contents of the written request in accordance with the Corporate Acquisition Guidelines. The Target Company determined that the written request did not include the presentation of material transaction terms such as the acquisition price and was an abstract proposal regarding the Target Company's business operations. Therefore, it was determined that the request is not a "sincere acquisition proposal" (Corporate Acquisition Guidelines 3.1.2). Based on this decision, the Target Company responded to the Shareholder X via email on April 1, 2025, stating that it would accept the opinion that would contribute to enhancing the corporate value. Subsequently, on May 19, 2025, the Target Company received a written request from the Shareholder X via email to hold an early meeting for operational discussions and exchange of opinions with the Target Company. The Target Company received a request to conduct a broad discussion seeking a possibility of engaging in a variety of collaboration including a capital alliance. At this point, adjustments are being made to arrange such a meeting with the Shareholder X. Please note that the Target Company is arranging a meeting with the Shareholder X in parallel with the consideration of the Transaction as it was unclear from the written request received whether the collaboration to enhance the enterprise value can be conducted without conflicting with the Transaction and to confirm on this point.

Subsequently, on May 22, 2025, Target Company received the Third Proposal from Bourns proposing to acquire all of the shares of the Target Company (excluding treasury shares held by the Target Company) in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 7.100 per share.

However, according to the Target Company, the Target Company advised Bourns on May 27, 2025, that, taking into account the advice of TRANS CAPITAL.INC, the Third Proposal still did not reflect the appropriate level of value that is expected to be realized in the future through the execution of the Transactions, and therefore requested Bourns to reconsider the tender offer price. This request was made via email and online conference.

Following that, according to the Target Company, the Target Company held a meeting with Bourns on June 3, 2025 to reaffirm the value expected to be realized in the future as a result of the Transactions. After careful consideration by Bourns, on June 3, 2025, the Final Proposal (Before Considering the Proposed Dividend Amount) was made to set the tender offer price at JPY 8,250 (based on the closing price of the Target Company Shares on the TSE Standard Market on June 2, 2025,

which was the last business day prior to the date of the proposal (JPY 6,500) plus premium (26.92%). In response, the Target Company requested Bourns to present a tender offer price that incorporates the Proposed Dividend Amount so that it would be easier for the Target Company's shareholders to understand, as the Final proposal (Before Considering the Proposed Dividend Amount) did not incorporate the Proposed Dividend Amount. Following this, the Target Company received from Bourns the Final Proposal (After Considering the Proposed Dividend Amount) on June 7, 2025, replacing the tender offer price proposed in the Final proposal (Before Considering the Proposed Dividend Amount) with the Tender Offer Price of JPY 8,075 per share, which is JPY 175 lower per share (equivalent to the Proposed Dividend Amount) than the tender offer price (representing a premium (23.47%) over the closing price of JPY 6,540 of the Target Company Shares on the TSE Standard Market on June 6, 2025, the business day immediately preceding June 7, 2025). The Final proposal (Before Considering the Proposed Dividend Amount) and the Final Proposal (After Considering the Proposed Dividend Amount) are economically equivalent for the Target Company's shareholders.

Thereafter, according to the Target Company, the Target Company responded in writing to Bourns agreeing to set the Tender Offer Price at JPY 8,075 today.

The Target Company has indicated that, during the aforementioned consideration and negotiation process, the Special Committee received reports from the Target Company and its advisors as necessary and made confirmations and stated its opinions.

Specifically, according to the Target Company, in receiving proposals from Bourns regarding the Tender Offer Price, the Target Company provided a financial information of a business plan for the fiscal years ending March 2025 through March 2027 based on financial data of the Second Medium-Term Management Plan (please refer to "Formulation of the Second Medium-Term Business Plan and Actions to Achieve Management Conscious of the Cost of Capital and Stock Prices" published on April 2, 2024). Also, the Target Company additionally provided a financial information of a business plan for the fiscal years ending March 2028 through March 2029, in response to the request from the Tender Offeror (collectively, the "Business Plan"). Moreover, in obtaining the Target Company's Share Valuation Report (KPMG FAS) (defined in "(iii) Details of Decision Making in the Target Company" below) from KPMG FAS, the Target Company provided the Business Plan and received confirmation on the reasonableness of the details, important preconditions, and preparation process of the Business Plan from the Special Committee.

In addition, according to the Target Company, TRANS CAPITAL.INC, the financial advisor to the Target Company, has negotiated and provided advice in accordance with the negotiation policy decided by the Special Committee after deliberation in the course of negotiations with Bourns, and has reported to the Special Committee immediately upon receiving any proposal from Bourns regarding the Tender Offer Price, and has responded in accordance with the instructions of the Special Committee.

In addition, according to the Target Company, the Special Committee has appointed DTFA as its independent third-party valuator and has received a share valuation report dated June 3, 2025 regarding the valuation results of the Target Company Shares (the "Target Company's Share Valuation Report (DTFA)"). The Target Company has also received from the Special Committee today a report stating that the decision of the Target Company's board of directors regarding the Transactions, including the Tender Offer, that is, the decision to express its opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, is not disadvantageous to the Target Company's minority shareholders (general shareholders) (the "Report"). (For an overview of the Report, please see "b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below.)

(iii) Details of Decision Making in the Target Company

According to the Target Company, based on the above background, the Target Company has carefully deliberated and examined at the meeting of the Target Company's board of directors held today whether it is possible to enhance the corporate value of the Target Company through the Transactions and whether the terms and conditions related to the Transactions, including the Tender Offer Price, are appropriate with the utmost respect for the details of the Report dated today submitted by the Special Committee (For an overview of the Report, please see "b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below.) based on the details of the share valuation report obtained from KPMG FAS on June 9, 2025 (the "Target Company's Share Valuation Report (KPMG FAS)") and the legal advice received from Keiwa Sogo Law Offices regarding points to consider in decision-making on the Transactions, including the Tender Offer. According to the Target Company, looking back on the figures for the 10 years from its 58th fiscal year (ended March 2014) to its most recent 68th fiscal year (ended March 2024) of the Target Company, the situation is as follows.

• Sales trends

According to the Target Company, in the 58th fiscal year of the Target Company (ended March 2015), operating income was JPY 100 million on sales of JPY 7,670 million (operating margin of 1.3%). In the 67th fiscal year (ended March 2024), operating income was JPY 1,261 million on sales of JPY 10,434 million (operating margin of 12.09%). Both sales and operating margin have grown significantly. In particular, the operating margin has been maintained at over 8.0% for the past three fiscal years.

• Sales trends by segment

According to the Target Company, by segment, in the 58th fiscal year of the Target Company (ended March 2015), sales

of variable resistors amounted to JPY 3,783 million, with segment revenue of JPY 579 million (segment profit margin of 15.3%), while in the 67th fiscal year (ended March 2024), sales of JPY 4,085 million and segment revenue of JPY 1,133 million (segment profit margin of 28.0%).

Regarding automotive electrical components, in the 58th fiscal year (ended March 2015), segment revenue was JPY 3,403 million, with a segment loss of JPY 50 million, while in the 67th fiscal year (ended March 2024), segment revenue was JPY 6,120 million, with segment profit of JPY 857 million (segment profit margin of 14%).

Looking at regional segments, in the 58th fiscal year (ended March 2015), sales in Japan were JPY 4,743 million and in Asia JPY 2,260 million, while in the 67th fiscal year (ended March 2024), sales in Japan were JPY 7,196 million and in Asia JPY 2,658 million. While the weight of Japan's sales in consolidated revenue has increased from 62% to 69%, expanding sales in other regions remains a challenge.

According to the Target Company, the financial results of the Target Company for the most recent 10 fiscal years shown above demonstrate that the Target Company has continued to operate as a leading manufacturer of variable resistors since its founding, and that its efforts to expand into automotive electrical components, a market expected to grow in line with the times, have contributed to improved business performance. However, the Target Company also recognizes the following challenges it faces in recent years:

According to the Target Company, as indicated in the above sales trends, in the field of variable resistor manufacturing and sales, the Target Company has recently established a structure that enables it to maintain a certain level of operating profit margin as indicated above, thanks to its long-standing experience, ability to handle large-scale production, and cost management.

As mentioned above, however, in terms of sales, the market for variable resistors has matured, making it difficult to achieve significant sales growth.

According to the Target Company, in anticipation of the maturing market for variable resistors, the Target Company has also made efforts in the automotive electrical components field. The Target Company's anti-fog heaters for camera lenses have been adopted by major automobile manufacturers and other customers, demonstrating the Target Company's product development and sales capabilities that anticipate changes in the automotive industry, particularly in the heater field. As a result, the Target Company has achieved significant sales growth over the past 10 years and secured profits. Even so, the automotive electrical components market is highly competitive and subject to intense price competition, resulting in lower profit margins than in the variable resistors segment.

In addition, the Target Company indicated that the sales in regions other than Japan are sluggish.

In addition, according to the Target Company, the environment surrounding the automotive industry is undergoing a period of change that is said to occur only once every 100 years, and there is a vanishing risk that the market for existing supplied products will shrink depending on major technological innovations in the future, such as the trend toward electronic vehicles, including automated driving, and the shift to EVs (electric vehicles).

According to the Target Company, under such circumstances, based on the Target Company's experience in pioneering new markets such as in-vehicle anti-fog camera heaters in the heater field, and with a view to strengthening its market responsiveness as a responsible supplier in areas such as variable resistors, the Target Company formulated and disclosed its 2nd Mid-term Management Plan on April 2, 2024, and is currently working to address various issues. Following the 1st Mid-term Management Plan, which aimed to improve operating profit margin during the 1st Structural Reform Period, the 2nd Mid-term Management Plan has been positioned as the 2nd Structural Reform Period, which will be a three-year period of growth investment leading to the 3rd Mid-term Management Plan, which will focus on growth and expansion. The 2nd Mid-term Management Plan primarily focuses on four key areas: (i) strengthening technological development capabilities, (ii) enhancing profitability, (iii) improving financial structure, and (4) strengthening shareholder returns.

In the 1st Mid-term Management Plan, the Target Company suffered a significant decline in sales and profits due to the impact of the COVID-19 pandemic. However, the Target Company has continued to manage its business based on the judgment that it is essential to improve the operating margin necessary for the stable continuity of the business. As a result, the operating margin for the latest fiscal year ended March 2024 was 12.09%, a significant improvement compared to the 1st Mid-term Management Plan Period, as mentioned above.

As mentioned above, however, the Target Company indicated that the market surrounding the Target Company's products has matured, and the environment surrounding the Target Company is changing day by day. In particular, given the rapid changes in the automotive industry, which is the Target Company's main customer, the Target Company believes that "(i) strengthening technological development capabilities" will be an important pillar for maintaining growth in the future. Therefore, the 2nd Mid-term Management Plan Period is positioned as a bridge period for new product development that will contribute to the launch of new products, sales, and profit improvement in the 3rd Mid-term Management Plan Period, and the Target Company has planned and launched various measures. New product development in the manufacturing industry cannot be achieved overnight. It requires a certain period of capital investment and research and development. Therefore, the Target Company is focusing on securing new technical personnel to strengthen its in-house research and development (R&D) department. Additionally, the Target Company is actively exploring collaborations with companies outside its existing business network and external development teams to develop new businesses that will contribute to sales and profits.

According to the Target Company, however, the Target Company is also aware that there are situations that cannot necessarily be resolved by the Target Company alone in its future growth strategy, as described below.

In the new business development that the Target Company is currently focusing on, it is urgent to secure human resources in the research and development (R&D) department, which forms the foundation of this business, particularly in fields other than the Target Company's existing technologies.

By utilizing the abundant global technical human resources of Bourns, the Target Company believes that it will be able to

resolve this issue and achieve synergistic effects in terms of strengthening the development capabilities of both parties. Further, as mentioned above, considering the maturation of the variable resistors market, which has consistently achieved high profit margins, the plateaued profit margins in the automotive electrical components market, as well as the rapid and significant changes expected in the industrial structure of automobile manufacturers in each of these markets, and the impact of the aforementioned labor shortage, the Target Company believes that, in addition to launching new businesses, expanding the scale of its existing businesses will also be an essential factor in further enhancing its corporate value. The Target Company has established a structure that will enable it to maintain consolidated net sales of JPY 10 billion and an operating margin of 10% or more from the fiscal year ended March 2023 onwards. However, the Target Company recognizes that expanding sales in the Japanese market and expanding its business in other regions are challenges for the future.

According to the Target Company, to address these challenges, in order to achieve the future strategy outlined by the Target Company (i.e., maintaining current strong performance while promoting new business development for the future, developing new businesses and new customers, and ultimately establishing a solid global sales foundation), it is essential to secure human resources, as mentioned above. However, the Target Company believes that it will not be easy to achieve these goals with a high degree of certainty and at a high level, solely through its own efforts.

According to the Target Company, after considering the circumstances surrounding the Target Company and the characteristics of Bourns, including its robust global business expansion capabilities, distribution network, and world-class customer network, the Target Company has concluded that the Transactions will contribute to the corporate value of the Target Company for the following reasons:

(A) Utilization of global networks in the sensor and other businesses

In particular, with respect to the Target Company's sensor business, Bourns believes that it can achieve significant synergies by globally expanding the sales of sensor-related products manufactured by the Target Company through Bourns' overseas sales channels. By leveraging the Target Company's production capacity to manufacture products on an OEM basis and expand into overseas markets, the Target Company expects to significantly improve sales and profit margins in regions outside Japan, where the Target Company is currently experiencing sluggish growth.

(B) Joint development, production, and overseas channel expansion of EV-related battery products

Regarding the Target Company's EV-related battery business, Bourns plans to jointly develop and produce a product currently under intensive research and development by the Target Company as a heater component for batteries for electric vehicles, where demand is expected to increase in the future. Bourns believes that this collaboration will generate significant synergies through sales to overseas battery manufacturers and overseas automobile manufacturers, which are also customers of Bourns. The elemental technologies of the heaters handled by the Target and Bourns are different, with the former being organic polymers and the latter inorganic ceramics, and therefore the markets are different and no conflicts will arise. The combination of these elemental technologies is expected to generate synergies such as entering new markets.

(C) Expansion of production and sales channels in China

Bourns has production bases in China (Xiamen City, Fujian Province; Dongguan City, Guangdong Province; and Suzhou City, Jiangsu Province), where the Target Company also has production bases in Guangzhou, Guangdong Province, and Yantai, Shandong Province. Bourns believes that there will be synergistic effects from improving the complementary relationship of both production bases and expanding production and sales channels in China in line with future geopolitical changes.

According to the Target Company, as a result of the delisting of the Target Company's shares, the Target Company will lose the benefits it has enjoyed as a listed company, including the ability to raise large amounts of capital through equity financing in the capital markets and the enhancement of its social credibility. However, considering the Target Company's current financial situation, where no additional funding other than borrowing is particularly necessary for future business operations, the Target Company determined that the loss of funding opportunities through equity financing resulting from the delisting would have a smaller impact compared to the synergies expected from the Transactions. Furthermore, the Target Company's reputation, brand power, and social credibility, which are important for talent recruitment, are largely acquired and maintained through business activities, and such brand power and other assets will not necessarily be lost by delisting. Additionally, limited collaboration between the Target Company and certain businesses of Bourns may result in competition in certain products, including variable resistors, and in certain customers, thereby limiting the economic benefits. Furthermore, maintaining a listed status with partial capital participation would be inefficient in terms of information management for new business development and research and development in the Target Company, making it difficult to fully realize synergies with Bourns. For these reasons, the Target Company believes that maintaining the listing of the Target Company's shares is not necessarily required going forward. In addition, according to the Target Company, although corporate shareholders who hold a large percentage of the Target Company Shares will cease to be shareholders as a result of the delisting of the Target Company Shares, no contractual or business relationships are expected between the Target Company and these major shareholders that would affect the continuation of the Target Company's business as a result of such major shareholders ceasing to be shareholders, and in this respect, the Target Company believes it is not particularly necessary to maintain a public listing. By the Target Company being a part of the Bourns Group after the Transactions are expected to generate synergies through the Target Company's effective utilization of Bourns' assets related to research and development, including its human resources and bases, and the complementary relationship among their manufacturing and sales bases, and no particular disadvantages are currently anticipated at this point.

Furthermore, based on the following points, the Target Company has determined that the Tender Offer Price of JPY 8,075 per share is a reasonable price that ensures the interests of the Target Company's minority shareholders are protected, and that the Tender Offer provides the Target Company's minority shareholders with a reasonable opportunity to sell their shares at a price that reflects an appropriate premium.

- (A) The Tender Offer Price is the price agreed upon through sufficient negotiations between the Target Company and Bourns under the substantive involvement of the Special Committee, after ensuring that measures to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, as described in "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below, have been adequately implemented.
- (B) The Tender Offer Price is at a level that exceeds the upper limit of the range based on the market share price method, exceeds the median price range calculated by the comparable company comparison method and falls within the range based on the discounted cash flow method (the "DCF analysis") of the valuation results of the Target Company's shares by KPMG FAS as described in "a. Procurement of a Share Valuation Report from Third-Party Valuator Retained by the Target Company" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below.
- (C) The period for the purchase in the Tender Offer (the "Tender Offer Period") is scheduled to be 30 business days, and since there is a long period from the announcement of the Transactions to the actual commencement of the Tender Offer, minority shareholders will have sufficient time to make an appropriate decision regarding their tender of shares in the Tender Offer, and other parties other than Bourns will have sufficient opportunity to purchase the Target Company's shares.
- (D) In the Transactions, the cash consideration to be paid to shareholders in connection with the Squeeze-Out Procedure will be calculated so as to be equal to the Tender Offer Price multiplied by the number of Company shares owned by each shareholder of the Target Company who did not tender their shares in the Tender Offer. This is intended to ensure that minority shareholders have an opportunity to make an appropriate decision on whether or not to tender their shares in the Tender Offer and to avoid any coercive effect.
- (E) As described in "b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report" under "(3) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer" below, the Tender Offer Price Other conditions of the Tender Offer are, as stated in the Report obtained from the Special Committee, deemed to be reasonable, including the reasonableness of the terms of the Transactions (including the method of implementation of the Transactions and the appropriateness of the consideration).
- (F) The Tender Offer Price represents a premium of 23.47% on the closing price of the Target Company's shares on the Tokyo Stock Exchange through June 9, 2025 (the "Immediately Preceding Date"), 23.68% on the simple average of the closing prices of the shares for the immediately preceding one-month period from the Immediately Preceding Date, 30.12% on the simple average of the closing prices for the immediately preceding three-month period from the Immediately Preceding Date, and 35.08% on the simple average of the closing prices of the shares for the immediately preceding six-month period from the Immediately Preceding Date. According to actual examples (70 cases) of premiums in similar cases in the past (specifically, cases in which the acquirer had no equity relationship with the target company and the target company was made a wholly owned subsidiary, which were announced after July 2019, after the publication of the Guidelines on Fair M&A Practices, and concluded by May 14, 2025), the premium was 59.27% at the closing price on the Immediately Preceding Date, 59.39% on the simple average closing price for the past one month from the Immediately Preceding Date, 61.13% on the simple average closing price for the past three months from the Immediately Preceding Date, and 60.84% on the simple average closing price for the past six months from the Immediately Preceding Date. Comparing the above, although the Tender Offer Price cannot necessarily be evaluated as a high level, the Target Company recognizes that a certain reasonable level of premium is attached, given that a premium of 21.6% is attached to the highest price of JPY 6,640 of the Target Company's share price during the most recent one-year period.
- (G) Although the Tender Offer Price is below the median of the range under the DCF method, it is within the range, and as described in (A) through (F) above, the Tender Offer Price can be considered to reflect the value of the Target Company's shares to a considerable extent. In addition, given that the Tender Offer was determined based on objective and consistent discussions between Bourns and the Target Company on an arm's length basis, the fact that the Tender Offer Price is below the median of the range under the DCF method does not negate the appropriateness of the Tender Offer Price.

According to the Target Company, based on the above, the Target Company has determined that the Transactions will contribute to enhancing the corporate value of the Target Company, and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. At the meeting of the board of directors held today, the Target Company resolved to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer, as the current opinion of the Target Company. In addition, upon the commencement of the Tender Offer, the board of directors has resolved to consult with the Special Committee to determine whether there has been any change in the opinion expressed by the Special Committee to the board of directors, and to request the Special Committee to inform the board of directors, if there has been no change, of that fact, and if there has been a change, to inform the board of directors of the changed opinion. Furthermore, based on such opinion, the board of directors has resolved to make a new statement of opinion regarding the Tender Offer at the time the Tender Offer commences. The above resolution of the board of directors was adopted by the method described in "e. Unanimous Approval of All

Disinterested Directors (Including Audit Committee Members) of the Target Company” under “(6) Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, and Other Measures to Ensure the Fairness of the Transactions, Including the Tender Offer.”

c. Management Policy Following the Tender Offer

As stated in “a. Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer” above, Bourns plans to make the Target Company a wholly-owned subsidiary of the Tender Offeror through the Transactions and to pursue further growth of the business areas related to sensing components and parts, and circuit protection components.

With regard to the management structure of the Target Company following the Transactions, after the completion of the Tender Offer, Bourns and the Target Company will make decisions through discussions with the aim of further enhancing the corporate value of both companies while respecting the Target Company’s current management structure. No specific decisions or agreements have been made at this point, and no negotiations have been conducted with the Target Company regarding its management structure as well. Bourns currently plans to dispatch directors and transfer employees to the Target Company to promote the early realization of synergies, but no specific details, including the number of directors to be dispatched and employees to be seconded, have been determined at this stage.

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

As of today, the Target Company is not a subsidiary of Bourns, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, it is also not anticipated that all or a part of the management of the Target Company will invest directly or indirectly in Bourns, and the Transactions, including the Tender Offer, does not constitute a so-called management buy-out (MBO). However, as the Tender Offer will be conducted as part of the Transactions for the purpose of making the Target Company a wholly-owned subsidiary of Bourns, Bourns and the Target Company have taken the following measures to ensure the fairness of the Transactions including the Tender Offer, from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and avoiding conflicts of interest.

The following descriptions of measures implemented by the Target Company are based on the Target Company’s Press Release and explanations provided by the Target Company.

a. Procurement of a Share Valuation Report from an Independent Third-Party Valuator Retained by the Target Company

In order to ensure the fairness of the decision-making process regarding the Tender Offer Price (JPY 8,075 per share of the Target Company Shares) proposed by Bourns, the Target Company obtained the Target Company’s Share Valuation Report (KPMG FAS) from KPMG FAS, a third-party valuator independent of Bourns, the Target Company and the Transactions. KPMG FAS is not a related party of Bourns or the Target Company and does not have any material interest in the Transactions, including the Tender Offer.

KPMG FAS considered the calculation method to be adopted in calculating the value of the Target Company Shares from among several share value calculation methods, and decided to use the market share price method because the Target Company is listed on the TSE Standard Market and the share has a market price; the comparable company comparison method because it is possible to infer the share value by comparing similar listed companies; and the DCF analysis to reflect the future business activities, and the Target Company obtained the Target Company’s Share Valuation Report (KPMG FAS) from KPMG FAS on June 9, 2025. The Target Company has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from KPMG FAS, taking into consideration that sufficient measures to ensure fairness have been taken, including the measures described in “c. Procurement of Share Valuation Report from Third-Party Valuator Retained by the Special Committee” below.

The range of the value per share of the Target Company Shares calculated using each of the above methods is as follows:

Market share price analysis:	JPY 5,978 to JPY 6,540
Comparable company comparison analysis:	JPY 7,760 to JPY 9,616
DCF analysis:	JPY 7,874 to JPY 9,759

Under the market share price method, with the reference date (i.e., the business day immediately preceding the announcement of the Tender Offer) of June 9, 2025, the range of the value per share of the Target Company Shares is calculated to be between JPY 5,978 and JPY 6,540 based on: the closing price of the Target Company Shares on the TSE Standard Market on the reference date, which is JPY 6,540; simple average of the closing prices for the last one (1) month preceding the reference date, which is JPY 6,529; simple average of the closing prices for the last three (3) months preceding the reference date, which is JPY 6,206; simple average of the closing prices for the last six (6) months preceding the reference date, which is JPY 5,978.

Under the comparable company comparison method, the range of the value per share of the Company Shares is calculated to be between JPY 7,760 and JPY 9,616 based on the value of the Company Shares calculated by a comparison of the financial indicators, such as market share price and profitability, with those of listed companies engaged in businesses relatively similar to those of the Company.

Under the DCF analysis, the range of the value per share of the Target Company Shares is calculated to be between JPY 7,874 and JPY 9,759 based on the analysis of the Target Company’s corporate value and share value by calculating the

free cash flow expected to be generated by the Target Company in the fiscal year ending March 2030 and thereafter, based on the business plan prepared by the Target Company for the fiscal year ending March 2025 through the fiscal year ending March 2029, the most recent performance trends, publicly available information, and other factors, discounted to present value using a certain discount rate.

KPMG's financial forecast of the Target Company, on which the DCF method calculation was based, includes fiscal years in which a significant increase or decrease in profit is expected. Specifically, in the fiscal year ending March 31, 2027, operating income of JPY 1,050 million (+33.1% year-on-year) is projected due to an increase in sales and an improvement in gross profit margin, mainly for heaters for electric vehicles. In the fiscal year ending March 31, 2030, operating income is expected to increase to JPY 1,620 million (+ 49.3% year-on-year) due to an increase in sales resulting from the expansion of sales channels, mainly in Europe and the United States, and the curbing of selling, general and administrative expenses by utilizing local production and sales networks.

Free cash flow in the fiscal year ending March 31, 2027 will decrease significantly from the fiscal year ended March 31, 2026 (down by JPY 193 million, -33.9% year-on-year) due to an increase in working capital associated with an increase in net sales. Due to a decrease in capital expenditures and an increase in operating income, there will be a significant increase in the fiscal year ending March 2028 (up by JPY 476 million, +126.4% year-on-year) compared to the fiscal year ending March 2027. Due to the increase in working capital accompanying the increase in net sales, the amount of capital investment in the fiscal year ending March 31, 2029 will decrease significantly (down by JPY 382 million, -44.8% year-on-year) compared to the fiscal year ended March 31, 2028. Due to the above-mentioned increase in operating income, we expect a significant increase (up by JPY 368 million increase, +78.3% year-on-year) in the fiscal year ending March 31, 2030, compared with the fiscal year ending March 31, 2029.

In addition, this financial forecast does not take into account the synergy effects expected to be realized from the execution of the Transaction, except for the effect of reduced listing maintenance costs, because it is difficult to estimate such effects specifically at this time.

b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report

(i) Process of the Establishment of the Special Committee

As stated in the “b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” above, according to the Target Company, it established the Special Committee by a resolution at the board of directors meeting held on April 21, 2025. After confirming that the candidates for members of the Special Committee are independent from Bourns, the Tender Offeror and the Target Company and that they have no material interests that differ from those of general shareholders in connection with the success or failure of the Transactions, the Target Company consulted with the candidates for members of the Special Committee, and with the advice of Keiwa Sogo Law Offices, appointed five persons, Mr. Masanori Ono (independent outside director of the Target Company (audit committee member) and attorney), Ms. Takako Morita (independent outside director of the Target Company (audit committee member) and tax accountant) and Mr. Kaneki Yamaguchi (independent outside director of the Target Company (audit committee member)), as well as outside experts Mr. Mikiharu Mori (attorney) who has experience in numerous M&A transactions and has served as a member of special committees in M&A transactions with structural conflicts of interest similar to the Transactions and Mr. Kazuhiro Fujita (certified public accountant) as the candidates for members of the Special Committee in order to constitute the Special Committee at an appropriate scale while ensuring a balance of knowledge, experience, and capabilities of the Special Committee as a whole. In addition, at its first meeting, the Special Committee unanimously elected Mr. Mikiharu Mori as Chair of the Special Committee. As of today, there are no changes to the composition of the Special Committee.

Accordingly, as stated in the “b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” above, the Target Company established the Special Committee of the five (5) members above by a resolution at the board of directors meeting held on April 21, 2025, and, the Target Company consulted the Special Committee on the following matters on the same day: (i) the legitimacy and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Target Company); (ii) the fairness and reasonableness of the terms and conditions of the Transactions (including, if a tender offer is carried out in the Transaction, the tender offer price, and other terms and conditions thereof); (iii) the fairness of the negotiation process and procedures leading to the decision regarding the Transactions ; (iv) whether the decision to enter into the Transactions (in cases where a tender offer is carried out in the Transaction, including expressing an opinion in favor of the tender offer and recommending that the shareholders of the Target Company tender their shares in the tender offer, as well as other decisions by the Target Company regarding the procedures for the Transaction) is considered to be disadvantageous to the minority shareholders of the Target Company; and (v) based on (i) though (iv) above, whether the board of directors of the Target Company should express its opinion in favor of the tender offer and recommend that the shareholders of the Target Company tender their shares in the tender offer.

The Target Company's board of directors has resolved that: (a) in consulting with the Special Committee, the Target Company's board of directors will make decisions regarding the Transactions with full respect for the Special Committee's judgement, and if the Special Committee determines that the terms and conditions of the Transactions are not appropriate, it will not consent to the Transactions on such terms and conditions; (b) so that the Special Committee may ensure appropriate judgment and fully perform its role, the Target Company's board of directors will (i) grant the authority to appoint the Advisors of the Special Committee or to designate or approve (including ex post facto approval) the Target Company's Advisors (The Special Committee may seek professional advice from the Target Company's Advisors, if it

determines that such Advisors possess the high level of expertise and independence required and that the Special Committee can rely on them for professional advice.) (Provided that any reasonable expenses incurred in connection with the professional advice provided by the Special Committee's Advisors shall be borne by the Target Company.); (ii) grant the authority to request explanations regarding necessary matters from the Target Company's officers or employees involved in the Transactions or the Target Company's Advisors related to the Transactions; and (iii) grant the authority to substantially participate in negotiation process regarding the terms and conditions of the Transactions and conduct negotiations directly when necessary, by confirming the Target Company's policy regarding negotiations related to the terms and conditions of the Transactions in advance, receiving timely reports on the status of such negotiations, and providing opinions at critical junctures.

Each member of the Special Committee will be paid a fixed monthly remuneration as compensation for their duties, regardless of the content of the report.

(ii) Background of Consideration

According to the Target Company, the Special Committee held a total of 15 meetings from April 25, 2025 until June 10, 2025, and performed its duties regarding the Inquired Matters through such means as reporting, information sharing, consideration, and decision making at the committee meetings, and via e-mails from time to time between those meetings.

Specifically, the Special Committee confirmed that TRANS CAPITAL.INC, the financial advisor of the Target Company, and KPMG FAS, the third-party valuator of the Target Company, and Keiwa Sogo Law Offices, the legal advisor of the Target Company, do not fall under the category of related party of Bourns, the Tender Offeror and the Target Company, do not have any material interest in connection with the Transactions including the Tender Offer, and have no issues regarding their independence and expertise in the Transactions, and approved their appointment.

The Special Committee received explanations from the Target Company on the purpose and significance of the Transactions and impact on the business of the Target Company and held a question-and-answer session on the foregoing.

Furthermore, as stated in the "a. Procurement of a Share Valuation Report from Third-Party Valuator Retained by the Target Company" above, KPMG FAS evaluated the value of the Target Company Shares based on the Business Plan. The Special Committee received explanations from KPMG FAS regarding the method of valuation used for the valuation of the value of the Target Company Shares, the reasons for adopting such method of valuation, the details of the valuation by each method of valuation, and important preconditions, and confirmed the reasonableness of these matters after question-and-answer session and deliberation and consideration.

The Special Committee also received reports from the Target Company and TRANS CAPITAL.INC on the Target Company's negotiation with Bourns from time to time and deliberated and reviewed them and provided necessary opinions on the Target Company's negotiation policies as appropriate. Specifically, the Special Committee received reports on the proposals of the Tender Offer Price from Bourns upon receipt, and considered these proposals after obtaining analysis and opinions from TRANS CAPITAL.INC regarding the policy for the measures to be taken and policy for the negotiation with Bourns. Then, the Special Committee stated to the Target Company that it has no objection to the Target Company's intention to request Bourns to reconsider the Tender Offer Price in any of the above cases and stated its opinion on the matters to be discussed with Bourns in order to achieve the significance and purpose of the Transactions as the Target Company, and has been involved in the overall process of discussion and negotiation between the Target Company and Bourns regarding the terms and conditions of the Transactions, including the Tender Offer Price.

Furthermore, the Special Committee received explanations from Keiwa Sogo Law Offices on the content of the draft of the press release concerning the Tender Offer to be announced or submitted by the Target Company on multiple occasions and confirmed that appropriate information disclosure is planned.

(iii) Conclusions

The Special Committee, based on the above circumstances, carefully reviewed and discussed the Inquired Matters and, as a result, submitted the Report to the Target Company's board of directors on June 2, 2025, with the unanimous consent of all members, as summarized below.

In addition, regarding the contents of the following opinion, the Special Committee will review whether there are any changes to the opinions expressed at the time of the commencement of the Tender Offer and will notify the Target Company's board of directors of the results of such review. If there are no changes, the Special Committee will report the same; if there are changes, the Special Committee will report the revised opinions.

(a) Details of the response

1. Legitimacy and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Target Company)

The Transactions are considered to contribute to the enhancement of the corporate value of the Target Company, and the purpose of the Transactions are considered to be legitimate and reasonable.

2. Fairness and reasonableness of the terms and conditions of the Transactions (including, if a tender offer is carried out in the Transaction, the tender offer price, and other terms and conditions thereof)

The terms and conditions of the Transactions are considered to be fair and reasonable.

3. Fairness of the negotiation process and procedures leading to the decision regarding the Transaction

The negotiation process and procedures leading to the decision regarding the Transactions are considered to be fair.

4. Whether the decision to enter into the Transactions (in cases where a tender offer is carried out in the Transaction, including expressing an opinion in favor of the tender offer and recommending that the shareholders of the Target Company tender their shares in the tender offer, as well as other decisions by the Target Company regarding the procedures for the Transaction) is considered to be disadvantageous to the minority shareholders of the Target Company

Implementation of the Transactions (including expressing an opinion in favor of the tender offer and recommending that the shareholders of the Target Company tender their shares in the tender offer) is not considered to be disadvantageous to the minority shareholders of the Target Company

5. Based on (i) though (iv) above, whether the board of directors of the Target Company should express its opinion in favor of the tender offer and recommend that the shareholders of the Target Company tender their shares in the tender offer

Based on (i) though (iv) above, it is considered to be reasonable for the board of directors of the Target Company to express its opinion in favor of the tender offer and recommend that the shareholders of the Target Company tender their shares in the tender offer.

In addition, regarding the contents of the opinion above, the Special Committee will review whether there are any changes to the opinions expressed at the time of the commencement of the Tender Offer and will notify the Target Company's board of directors of the results of such review. If there are no changes, the Special Committee will report the same; if there are changes, the Special Committee will report the revised opinions.

(b) Reasons for the response

(1) The following recognitions of the business environment and management issues at the Target Company are reasonable:

- The Target Company's main products are variable resistors, automotive sensors, and automotive heaters.
- In the field of variable resistors, the Target Company has established a structure that enables to maintain an operating profit margin comparable to other manufacturers in recent years owing to its long-standing experience, capacity to handle large-scale production, and cost control; however, due to maturation of the variable resistors market, achieving significant sales growth has become increasingly difficult.
- Especially in the field of automotive heaters, the Target Company has significantly increased its sales over the past decade and has maintained profitability; however, the automotive heaters market is highly competitive, with intense price competition, resulting in consistently lower margins compared to the variable resistors.
- In light of the above business environment, the Target Company has been focusing not on expanding sales channels or market share for low-priced products, including mass-produced products, but rather on increasing sales of high-priced products that leverage its technological capabilities, and on expanding sales channels in markets with higher profit margins; however, in order to successfully expand sales of high-priced products, it is essential for the Target Company to strengthen its research and development (R&D) capabilities.
- However, sales by region reveals that, while domestic sales in Japan have been steadily increasing, sales in overseas markets (particularly in North America and Europe) have been sluggish. Especially in the North American and European automobile markets, it will be a critical factor whether local production in the demand regions is possible; however, it is difficult for the Target Company to independently establish a production base in either North America or Europe at this stage.
- There are concerns that future technological innovations in the automotive industry (such as automated driving and electric vehicles (EVs)) could lead to a rapid decline in the market for products supplied to date. On the other hand, such technological innovation may also create new markets presenting business opportunities for the Target Company to expand sales of its automotive heaters and other related products.
- To seize the business opportunities and to expand transactions in the market for high-priced products, it is imperative to secure and train R&D personnel. However, due to the structural labor shortage in Japan and the limited supply of R&D personnel (such as engineers) essential for new business development, the Target Company is facing significant challenges in acquiring global talent, which is indispensable for expanding its business and developing new businesses.

(2) The following explanation of expected synergies resulting from the Transactions is reasonable.

a. Expected synergies

- Based on the global network and history of Bourns Group as described below, the Transactions are expected to generate significant synergies, primarily in terms of: (i) market expansion by leveraging mutual sales channels; (ii) sales expansion by enhancing and complementing product lineups; and (iii) personnel exchanges and recruitment in R&D department.

(i) Overview of the Bourns Group

- The Bourns Group is a global group operating at over 20 manufacturing facilities worldwide, with a primary presence in North America and Europe, and additional locations in Africa, Japan, Taiwan, and the People's Republic of China. It primarily operates in the areas of: (i) sensing components; (ii) circuit protection components; and (iii) power distribution and management components.

- The Bourns Group was founded in 1947 and was the first in the world to manufacture compact linear potentiometer and has a track record of supplying products to customers in the fields that require high quality, such as the aerospace industry. Despite being privately held, the Bourns Group is globally recognized for its exceptional quality and reliability.
 - Tender Offeror is a Delaware entity established for the purpose of acquisition and control of the Target Company Shares and is deemed to be seen as substantially the same with Bourns.
- (ii) Market expansion through the use of mutual sales channels
- The Target Company is expected to significantly improve its sales and profit margins in overseas regions, where growth has currently been sluggish, by utilizing the Bourns Group's global sales network to sell the Target Company's products (particularly those in the sensor business) and automotive heaters in overseas markets, which are expected to be jointly developed with the Bourns Group.
 - While the Bourns group holds a dominant market share in North America and Europe, where sales of the Target Company's products are sluggish, the Target Company has established a strong presence in the Japanese market, where the Bourns Group has not yet fully developed its sales channels, through a direct relationship with Japanese OEMs; therefore, they have a strong complementary relationship in terms of sales regions.
 - Especially with respect to the automotive industry, synergies are expected through the bidirectional expansion of sales by leveraging sales networks of both the Target Company and the Bourns Group, including sales to Japanese automotive manufacturers, where the Target Company has strong relationships, and to U.S. and European automotive manufacturers, where the Bourns Group has production bases and strong relationships.
- (iii) Expansion of sales through the enhancement and complementation of product lineups
- In the field of potentiometer and angle sensor products, since the Target Company and the Bourns Group have similar product portfolios, it is expected that the Target Company and the Bourns Group will be able to: (a) increase their bargaining power through joint procurement of raw materials; (b) reduce costs and improve administrative efficiency through the consolidation or reorganization of their production sites; and (c) jointly develop new products (such as camera heaters for autonomous driving and heaters for EV batteries for cold regions) and sustainable growth through mid- to long-term integration of R&D strategies between the Target Company and the Bourns Group.
 - Furthermore, by combining the production systems, technological capabilities, sales channels, and logistics networks of the Target Company and the Bourns Group, it will become easier for them to pursue entry into markets for new customers and new products.
- (iv) Exchange and securing of personnel in the R&D department
- With respect to securing personnel in the R&D department of the Target Company, synergies are expected in terms of strengthening the development capacity of R&D and new businesses by leveraging the R&D department of Bourns Group, which has a large number of development personnel and covers a wide range of development areas.
 - In particular, the sharing of knowledge, such as the Bourns Group's experience in transactions with National Aeronautics and Space Administration (NASA), is expected to contribute to enhancing the motivation and engagement of the R&D department of the Target Company.
 - In addition, the Bourns Group's track record of research and development in the U.S. military, aerospace, and other industries may lead to applied research by the Target Company in fields other than the automotive field.
- b. Management Policy of the Target Company after the Transactions
- Bourns intends to work on further growth of the sensing component and products as well as circuit protection component business by making the Target Company a wholly owned subsidiary of the Tender Offeror through the Transactions.
 - After the consummation of the Tender Offer, the management structure of the Target Company after the Transactions will be discussed and determined between the Tender Offeror and the Target Company from the perspective of further improving the corporate value of both parties, while respecting the Target Company's current management structure. No specific matters have been determined or agreed upon at this point, and no negotiations regarding the management structure of the Target Company have taken place with the Target Company. Although the Tender Offeror currently envisions the dispatch of directors and the secondment of employees to facilitate the early realization of synergies, the specific number of such directors and employees has not yet been determined.
- (3) The anticipated disadvantages of the Transactions are limited.
- As a result of the privatization of the Target Company's shares, the Target Company will lose the advantages it has enjoyed so far as a listed company, such as raising funds through equity financing in the capital markets and enhancing its social credibility.
 - However, the Target Company has determined that the loss of opportunities to raise funds through equity financing is smaller than the synergies expected to be realized through the Transactions, considering the Target Company's current financial condition, which does not require financing other than borrowings to conduct its future business operations.
 - In addition, the Target Company believes that its social credibility, which is important in terms of personnel recruitment, is largely acquired and maintained through its business activities, and that delisting will not necessarily lead to the loss of such brand strength or reputation.
- (4) There is no unreasonable aspect in the explanation that there is no alternative superior to the Transactions.

- The Target Company has determined that collaboration limited to certain businesses of the Target Company and the Tender Offeror would result in cases of competition in certain products, including variable resistors, and with customers, and would limit economic benefits.
- In terms of the information management structure for the Target Company in new business development and R&D, the scope of information that can be disclosed is limited in certain collaborations, which in turn limits the synergy effects. On the other hand, maintaining the listing with partial capital participation incurs ongoing listing costs, making it inefficient from a cost-benefit perspective. Therefore, the Target Company believes that there is only limited necessity to continue maintaining the listing of its shares in the future.

1. Fairness and reasonableness of the terms and conditions of the Transactions (including, if a tender offer is carried out in the Transactions, the tender offer price, and other terms and conditions thereof)

As described in more detail below, given that (i) the Tender Offer Price is within the range of the results of calculations based on the DCF method by each of KPMG FAS and DTFA, which are independent third-party appraisers, and (ii) the discussions and negotiations regarding the terms of the transaction were conducted with the substantial involvement of the Special Committee, and a final agreement was reached on the Tender Offer Price with a reasonable premium in light of market prices and past comparable transactions, etc., the reasonableness of the terms and conditions of the Transactions (including, if a tender offer is carried out in the Transactions, the tender offer price, and other terms and conditions thereof) is considered to be ensured.

The Tender Offer Agreement stipulates that if the amount of dividends per share of the Target Company's stock exceeds JPY 175 as resolved at the Target Company's 2025 Annual General Meeting of Shareholders, the excess amount may reduce the Tender Offer Price (Expected to be JPY 8,075 per share). Therefore, when the Tender Offer is launched, the Special Committee, after confirming the terms and conditions of the Transaction including the Tender Offer Price, will consider whether or not the reporting opinion expressed by the Special Committee to the Target Company's Board of Directors should be changed, and if not, will state to the Target Company's Board of Directors to that effect, or if so, the revised opinion.

(1) Procurement of a Share Valuation Report by the Target Company

- For the purpose of ensuring the fairness and appropriateness of the terms and conditions of the Transactions, including the tender offer price, in deliberating and making decisions thereof, the Target Company has appointed KPMG FAS as an independent third-party valuator to determine the fair value of the Target Company Shares and has obtained the Target Company's Share Valuation Report (KPMG FAS) from KPMG FAS.
- The Special Committee confirmed in writing that KPMG FAS is not a related party of either the Tender Offeror or the Target Company and does not have any material interest in connection with the Transactions, based on which it has approved KPMG FAS as a third-party valuator for the Target Company. The remuneration to KPMG FAS in connection with the Transactions does not include contingency fees which are payable subject to completion of the Transactions.
- As a result of considering the calculation method to be adopted in calculating the value of the Target Company's shares from among several methods, the market share price method was used because the Target Company is listed on the Tokyo Stock Exchange Standard Market and a market share price exists, the comparable company method was used because it is possible to analogize the share value by comparing similar listed companies, and the DCF method was used to reflect the future business activities in the calculation.
- The ranges of per share values of the Target Company's shares calculated by KPMG FAS based on the above methods are as follows, respectively.

Market share price analysis:	JPY 5,978 to JPY 6,540
Comparable company comparison analysis:	JPY 7,760 to JPY 9,616
DCF analysis:	JPY 7,874 to JPY 9,759

- In addition, based on the Target Company's Share Valuation Report (KPMG FAS) prepared by KPMG FAS and the explanation of the content of the Target Company's Business Plan (the business plan for the fiscal year ending March 2026 through March 2030) used for the valuation, the results of the question-and-answer session and other materials, concerning the calculation process leading to the KPMG FAS's conclusions in the Target Company's Share Valuation Report (KPMG FAS), its calculation method is considered to be generally accepted and reasonable in accordance with current industry practices and the substance of the valuation is also considered appropriate in light of current industry practices.
- Additionally, the Special Committee has confirmed the reasonableness of the Business Plan based on the explanations regarding the content of the Target Company's Business Plan provided by the Target Company and the KPMG FAS to the Special Committee, which serves as the basis for the valuation, and with the understanding of the circumstances surrounding the preparation of the Target Company's Business Plan and the current status of the Target Company, and has concluded that there are no unreasonable aspects in the Business Plan.
- Based on the results of the Target Company's Share Valuation Report (KPMG FAS), the Tender Offer Price agreed upon between the Target Company and the Tender Offeror is (1) above the upper end of the range of the valuation results based on the market price method and (2) within the respective ranges of the valuation results based on the comparable company analysis and DCF method.

(2) Procurement of a Share Valuation Report by the Special Committee

- The Committee has appointed DTFA as a third-party valuator independent of Bourns, the Tender Offeror and the Target Company and has obtained the Target Company's Share Valuation Report (DTFA) from DTFA. The Committee confirmed in writing that DTFA is not a related party of either the Tender Offeror or the Target Company and does not have any material interest in connection with the Transactions, based on which it has appointed DTFA as a third-party valuator for the Target Company. The remuneration to DTFA in connection with the Transactions does not include contingency fees which are payable subject to completion of the Transactions.
- DTFA considered the calculation method to be adopted in calculating the share value of the Target Company's shares from among several share value calculation methods, and based on the assumption that the Target Company is a going concern, it is appropriate to evaluate the share value of the Target Company's shares from various aspects. Based on the belief that it is appropriate to evaluate the value of the Target Company's shares from multiple perspectives under the assumption that the Target Company is a going concern, the per-share value of the Target Company's shares was calculated using the market price method because the Target Company's shares are listed on the Tokyo Stock Exchange's Standard Market and a market price exists, and the DCF method to reflect the status of the Target Company's future business activities in the calculation. The comparable company method was not used because there are only a limited number of listed companies engaged in the resistors and automotive electronic components business that are highly similar to the Target Company.
- The range of per share values of the Target Company's shares calculated under each of the above methods is as follows, respectively.

Market share price analysis:	JPY 5,978 to JPY 6,540
DCF analysis:	JPY 7,487 to JPY 9,082

- Based on the Target Company's Share Valuation Report (DTFA) prepared by DTFA and the explanation of the content of the Target Company's Business Plan used for the valuation, the results of the question-and-answer session and other materials, it is considered that there are no particularly unreasonable aspects with respect to the calculation method and process used by DTFA in determining the fair value of the Target Company Shares and the valuation results of the Target Company Shares. Additionally, as described above, there are no unreasonable aspects in the Target Company's Business Plan, which serves as the basis for the valuation.
- Based on the results of the Target Company's Share Valuation Report (DTFA), the Tender Offer Price agreed upon between the Target Company and the Tender Offeror is (1) above the upper end of the range of the valuation results based on the market price method and (2) within the respective ranges of the valuation results based on the comparable company analysis and DCF method.

(3) Discussion and Negotiation Process regarding the Transaction Terms

- The Target Company engaged TRANS CAPITAL.INC as a financial advisor, Keiwa Sogo Law Offices as legal advisor and KPMG FAS as third party appraiser and conduct discussions/negotiations on the comprehensive terms and conditions of the Transactions including the Tender Offer Price based on their advice. Additionally, as described below, the Special Committee has been substantially involved in the discussion and negotiation process concerning the terms and conditions of the Transactions.
- On November 4, 2024, Bourns submitted to the Target Company a non-legally binding First Proposal to acquire all of the Target Company's shares for cash to effect the Transaction and to make a tender offer at a tender offer price between JPY 5,400 and JPY 5,600 per share. On November 21, 2024, Bourns and the Target Company signed a confidentiality agreement stipulating, among other things, Bourns and the Target Company have confidentiality obligations to both with respect to due diligence and other aspects of the Target Company considering implementation of the Transaction by Bourns.
- Bourns began its due diligence on the Target Company on January 1, 2025, and by mid-February 2025, additional site visits and discussions regarding the Transaction were conducted in Japan by the management of both Bourns and the Target Company, and the week of March 17, 2025, Bourns' site visit was completed on the week of March 17, 2025, with Bourns' management visiting all of the remaining offices of the Target Company that had not previously been visited.
- Thereafter, on April 30, 2025, Bourns submitted to the Target Company the Second Proposal proposing to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) in order to conduct the Transactions and to conduct a tender offer at a tender offer price of JPY 6,910 per share.
- In response to the Second Proposal, the Target Company negotiated with Bourns, with advice from TRANS CAPITAL.INC, based on the provisional share valuation results obtained from KPMG FAS and the Special Committee's request for an increase in the tender offer price based on deliberations and discussions at the Special Committee, On May 22, 2025, the Target Company received the Third Proposal from Bourns of JPY 7,100 per share (up to 131.48% of the First Proposal).
- In response, the Target Company, after confirming with the Special Committee as well, requested Bourns to increase its proposal price on the grounds that the tender offer price in the Third Proposal was not at the lower end of the range of the results of the respective calculations based on the DCF method by KPMG FAS and DTFA and deviated from the price level at which the Target Company could approve and recommend that its shareholders tender in the Transaction.
- Subsequently, on June 3, 2025, the Target Company received from Bourns, in summary, (i) the Target Company's Board of Directors may not withdraw its support for a competing tender offer at a purchase price of 102% or lower of the Tender Offer Price (the "Threshold"), (ii) in the event that a competing tender offer is made at a price above the Threshold, and the Target Company's Board of Directors is able to withdraw its opinion and recommendation to

accept the Tender Offer, the Target Company will be required to pay a break-up fee equivalent to the transaction costs incurred by Bourns (up to a maximum of USD 3,000,000 and (iii) subject to adjustment of the dividend amount to be paid after the announcement of the Tender Offer, together with the draft Tender Offer Agreement, which includes a transaction protection clause (see Section 3.3(3) below for details), the Target Company received the Tender Offer Price of JPY 8,250 per share (up to 152.78% of the Initial Proposal).

- Thereafter, the Target Company and Bourns mutually agreed to reduce the dividend amount (JPY 175) from the Tender Offer Price as a premise for calculating the Tender Offer Price, based on the dividend amount (JPY 175) proposed by the Target Company at the 68th Annual General Meeting of Shareholders. After the discussions, the Target Company received the Final Proposal (After Considering the Proposed Dividend) from Bourns on June 8, 2025 (the “Final Proposal Date”) for a Tender Offer Price of JPY 8,075 per share (a maximum of 149.54% of the Initial Proposal and 123.47% of the closing price (JPY 6,540) of the Target Company’s shares on the Tokyo Stock Exchange Standard Market on June 6, 2025, the business day before the Final Proposal Date) and finally reached an agreement.
- The Tender Offer Price is a price representing a premium of 23.47% over the closing price of the Target Company Shares on the TSE on June 9, 2025 (the “Immediately Preceding Date”), a premium of 23.68% over the simple average of the closing prices for the one-month period ending on the Immediately Preceding Date, a premium of 30.12% over the simple average of the closing prices for the three-month period ending on the Immediately Preceding Date, and a premium of 35.08% over the simple average of the closing prices for the six-month period ending on the Immediately Preceding Date.
- Based on the advice of TRANS CAPITAL.INC and Keiwa Sogo Law Offices as well as discussions with the Special Committee, the Target requested Bourns not to set the Threshold and to delete the agreement regarding the Break-Up Fee, and also requested that the prohibition on discussions regarding competing transactions be relaxed. While Bourns agreed to the relaxation of the prohibition on discussions regarding competing transactions, despite numerous request, the Target Company was unable to obtain the Tender Offeror’s acceptance of the proposed price with a premium as to set the Threshold and the break-up fee agreement was made in conjunction based on the importance of the Target Company in Bourns’ global strategy, the realization of synergies, the confidence in the Target Company’s ability to maximize its corporate value obtained as a result of extensive and in-depth due diligence over a period of approximately five months, the Tender Offeror’s strong intention to complete the Deal and consideration of minority shareholders’ interest, etc. The Target Company (i) has received a total of five (5) proposals from Bourns through discussions and negotiations; (ii) the Tender Offer Price proposed in the Final Proposal (After Considering the Proposed Dividend) is equivalent to 144.20-149.54% of the Initial Proposal and 123.47% of the closing price of the Target Company’s shares on the Tokyo Stock Exchange Standard Market on the business day immediately preceding the Final Proposal Date, (iii) as described in 3.2.(1) and (2) above, the Tender Offer Price is above or within the range of the per share value of the Target Company’s shares for each method indicated in the Share Valuation Report (KPMG) and the Share Valuation Report (DTFA) and (iv) as described in 3.2(4) below, the Tender Offer Price is 23.47% of the closing price of the Target Company’s shares on the Tokyo Stock Exchange up to the immediately preceding date, 23.68% of the average closing price of the shares for the past one month up to the immediately preceding date, 30.12% of the average closing price for the past three months up to the immediately preceding date, and 35.08% of the average closing price for the past six months up to the immediately preceding date which offer a reasonable premium on the average closing price of the shares. In light of the above, and after weighing the request to provide minority shareholders with an opportunity to sell its Target Company shares at a price with a reasonable premium against Bourns’ request for transaction protection, it is not appropriate to deprive Target Company shareholders of the opportunity to sell its Target Company shares at the Tender Offer Price just because of this threshold and break-up fee. Further, ensuring in each of the disclosure documents to be prepared and disclosed by the Tender Offeror and the Target Company, specific descriptions of the terms of the Tender Offer Agreement, including the terms of the Transaction Protection Provisions, will be made, to secure a situation where an informed judgment is made by general shareholders on the appropriateness, etc. of the transaction terms and conditions, the Target Company determined that it is appropriate to implement the Transaction and, after confirming with the Special Committee, responded on June 10, 2025 to the effect of accepting the Tender Offeror’s final proposal, and reached an agreement with the Tender Offeror to set the Tender Offer Price at JPY 8,075. In accepting the final proposal, the Target Company received a legal opinion from Keiwa Sogo Law Offices that the Target Company’s acceptance of the Threshold and the Transaction Protection Provisions, including the Break-Up Fee, does not constitute a breach of the duty of care of a good manager by the directors of the Target Company under the Japanese Companies Act.
- In the course of such series of discussions and negotiations, since the establishment of the Special Committee, the Target Company, TRANS CAPITAL.INC and Keiwa Sogo Law Offices have shared and explained their policies with the Special Committee in a timely manner at the meetings of the Special Committee or by e-mail, and the Special Committee, while receiving appropriate advice from DTFA from time to time based on its extensive experience in tender offers and taking into consideration the opinions of outside experts with extensive knowledge and experience, and other relevant information from time to time, expresses its opinion on the policy for negotiating the transaction price and other transaction terms and conditions, with their substantial involvement.

(4) The Level of Premium

- The Tender Offer Price is a price representing a premium of 23.47% over the closing price of the Target Company Shares on the TSE on the Immediately Preceding Date, a premium of 23.68% over the simple average of the closing prices for the one-month period ending on the Immediately Preceding Date, a premium of 30.12% over the simple average of the closing prices for the three-month period ending on the Immediately Preceding Date, and a premium

of 35.08% over the simple average of the closing prices for the six-month period ending on the Immediately Preceding Date.

- In light of the median premiums (52.74% over the closing price on the day preceding the announcement date, 53.09% over the simple average of the closing prices for the one-month period ending on the day preceding the announcement date, 49.00% over the simple average of the closing prices for the three-month period ending on the day preceding the announcement date, and 53.63% over the simple average of the closing prices for the six-month period ending on the day preceding the announcement date) in past similar cases (specifically, cases announced in or after July 2019 (i.e. after the publication of the Fair M&A Guidelines – Enhancing Corporate Value and Securing Shareholders’ Interests) (but excluding cases adopting special structure such as two-step Tender Offer, etc.) and concluded on or before June 6, 2025, wherein the tender offeror had no capital relationship with the target company and sought to make the target company a wholly-owned subsidiary of itself), the Tender Offer Price represents a premium over the market price, and considering that the Target Company’s share price has been in an upward trend for the past six months, the Tender Offer Price is considered to represent a reasonable premium.

(5) Conditions for the Squeeze-Out Procedure

- In this Transaction, the Tender Offeror intends, in the event that it does not acquire all of the Target Company's shares through the Tender Offer, to promptly carry out either the Demand for Share Cash-Out or the Share Consolidation (the implementation of the Squeeze-Out Procedure) after the completion of the settlement of the Tender Offer.
- Additionally, it has been clarified that the conditions for the Squeeze-Out Procedure will be calculated and determined based on the same price as the Tender Offer Price.

2. Fairness of Procedures for the Transactions

Based on the following points, it is deemed that the fairness of the procedures for the Transactions has been ensured since appropriate measures have been taken to ensure the fairness and no unreasonable points were identified in such measures:

(1) Establishment and Involvement of Independent Special Committee

- It has been ensured that the Special Committee has been involved in the Transactions of formation of the terms and conditions of the Transactions after its establishment.
- The special committee consists of 3 members who concurrently service as outside directors (audit committee members) and independent officers, and 2 members who are outside experts having expertise in M&A (expertise in fairness of procedures and company valuation).
- Each member of the special committee is or will be paid remuneration of such contents and at such level as deemed appropriate for their respective duties.
- The Target Company’s board of directors is deemed to have processes in place to make decisions in light of the purposes of the establishment of the special committee, and properly understanding and appreciating, as well as giving utmost respect to the decisions of the special committee.
- After its establishment, the special committee was informed in a timely manner of the policy for and detailed situation of discussions and negotiations between the Target Company and the Tender Offeror, and a system was in place to allow the special committee to give its opinion to the Target Company and TRANS CAPITAL. INC in light of such information in critical phases of the negotiation on the Tender Offer Price in particular and to be substantially involved in the negotiation process of the terms and conditions of the Tender Offer, especially the Tender Offer Price, such as requesting negotiations it deems necessary.

(2) Receipt of Advice from Outside Experts

(i) Financial Advisor

- It is deemed that the Target Company appointed TRANS CAPITAL. INC as an independent financial advisor who has deep understanding of its business and received support in the consideration, negotiation, and decision regarding the Tender Offer.

(ii) Legal Advisor

- It is deemed that the Target Company appointed Keiwa Sogo Law Offices as an independent legal advisor and received legal advice on the Transactions.

(iii) Third-party Valuator

- The Target Company requested KPMG FAS, an independent third-party valuator, to evaluate the Target Company Shares and obtained the Target Company’s Share Valuation Report (KPMG FAS) in order to ensure the fairness and reasonableness of the terms and conditions of the Tender Offer, especially the Tender Offer Price, etc. in considering the response to the Transactions.
- In addition, the special committee engaged DTFA, an independent third-party valuator, as its third-party valuator to ensure the fairness and reasonableness of the terms and conditions of the Tender Offer (including the Tender Offer Price), and obtained the Target Company’s Share Valuation Report (DTFA) and received advice on negotiation on the terms and conditions of the Transactions based on the valuation report.

(3) Market Check

- The Target Company has not performed active market checks to investigate and explore potential purchasers in the market.
- As of today, the Target Company received from the Alliance Candidate the Alliance Proposal addressed to the board of directors of Target Company, stating its intention to delist the Target Company and conduct due diligence based on the proposed delisting. Based on the advice of TRANS CAPITAL.INC and Keiwa Sogo Law Offices, in order to carefully evaluate and consider whether the Alliance Proposal will contribute to the enhancement of the corporate value of the Target Company and the protection of the common interests of the shareholders, as the Alliance Proposal does not contain sufficient information to determine whether the Alliance Proposal is worthwhile to accept the due diligence and to conduct a “sincere review” (Corporate Acquisition Guidelines 3.1.2), in accordance with the “Guidelines for Corporate Acquisition” (the “Corporate Acquisition Guidelines”), which was established by the Ministry of Economy, Trade and Industry on August 31, 2023, the Target Company requested the Alliance Candidate to provide written information regarding the experience and track record in the operation and restructuring of business corporations, as well as more detailed information on the acquirer’s financial backing and the availability of personnel capable of implementing management policies. This request was sent by the Target Company to the Alliance Candidate on February 26, 2025, via email with the relevant documents attached. No information has been provided by the Alliance Candidate to the Target Company in response to this request. As noted in the Alliance Proposal, following the completion of due diligence, the Alliance Candidate was required to submit a specific proposal by April 15, 2025, and if it were determined that sufficient due diligence or other necessary reviews for the implementation of the Transactions could not be conducted, the Alliance Proposal would be withdrawn. Since no specific discussions have been held with the Alliance Candidate, and April 15, 2025, has passed.
- In addition, the Target Company received a Written Request from Shareholder X. Subsequently, the Target Company held an online meeting with the Shareholder X on March 28, 2025, to discuss the contents of the aforementioned written request. Based on the written request and the meeting, the Target Company, taking into consideration the advice from TRANS CAPITAL.INC and Keiwa Sogo Law Offices, reviewed the contents of the written request in accordance with the Corporate Acquisition Guidelines. The Target Company determined that the written request did not include the presentation of material transaction terms such as the acquisition price and was an abstract proposal regarding the Target Company’s business operations. Therefore, it was determined that the request is not a “sincere acquisition proposal” (Corporate Acquisition Guidelines 3.1.2). Based on this decision, the Target Company responded to the Shareholder X via email on April 1, 2025, stating that it would accept the opinion that would contribute to enhancing the corporate value. Subsequently, on May 19, 2025, the Target Company received a written request from the Shareholder X via email to hold an early meeting for operational discussions and exchange of opinions with the Target Company. The Target Company received a request to conduct a broad discussion seeking a possibility of engaging in a variety of collaboration including a capital alliance. At this point, adjustments are being made to arrange such a meeting with the Shareholder X. Please note that the Target Company is arranging a meeting with the Shareholder X in parallel with the consideration of the Transaction as it was unclear from the written request received whether the collaboration to enhance the enterprise value can be conducted without conflicting with the Transaction and to confirm on this point.
- In light of the above circumstances, and taking into consideration the undeniable possibility that a third party may come up with a sincere proposal that is specific, justifiable in purpose, and feasible in the future, it is recognized that in this Transaction, the need to secure an opportunity for a so-called passive market check (counteroffer by another acquirer) is relatively high compared to similar cases. In this regard, the Tender Offeror is considering the possibility that the Tender Offeror will be able to acquire the shares of the Target Company in the future.
- In this regard, the period for purchase, etc. in the Tender Offer Period is 30 business days, which is the longest period required by law. The period from the day after June 10, 2025, when the commencement of the scheduled Tender Offer is to be announced, to August 12, 2025 (scheduled), the last day of the Tender Offer Period, is 44 business days, which is longer than the 20 business days that is the minimum period required by law. This means that the Tender Offeror has secured a long period of time during which it is possible to make a counteroffer after the announcement.
- In addition, the Tender Offer Agreement provides, in summary, the following transaction protection provisions (the “Transaction Protection Provisions”): (1) the Company shall pass a Support Resolution to express its opinion to endorse the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer, provided that the Company has received a written report from the Special Committee endorsing the Tender Offer and such a report has not been withdrawn or changed and the Company shall not change or conflict with the Support Resolution until the end of the Tender Offer period (except for the below (2)); (2) the Company may, in the event that, (I) a tender offer (the “Competing Tender Offer”) for the Target Company Shares at a purchase price exceeding 102.00% of the Tender Offer Price is commenced or a public announcement is made regarding the intention to acquire the Target Company Shares through a tender offer at a purchase price exceeding 102.00% of the Tender Offer Price (collectively with the Competing Tender Offer, the “Competing Offer”) (provided, however, that in either case, the Competing Offer must have (i) no upper limit to the number of the Target Company Shares to be purchased, and (i) a lower limit set to secure at least two-thirds of the voting rights in the Company after the completion of the Competing Transaction) and (II) if (i) the Board of Directors of the Target Company reasonably determines, based on the opinion of outside counsel, that maintaining the Support Resolution constitutes a breach of fiduciary duty of the director of the Company, and (ii) the Committee recommends withdrawal or change the Support Resolution, (i) request to engage in negotiations regarding the amendment of the Tender Offer Price between the Tender Offeror after disclosing the opinion of the external legal counsel and (ii) if the Tender Offeror fails to revise the Tender Offer Price to the same as or higher than the tender offer price offered in the Competing Offer (defined below) by the earlier of five (5) business days after such proposal or the last day of the Tender Offer Period, the

Company may change or withdraw the Support Resolution on the condition of payment of a break-up fee of up to USD 3 million (or the equivalent amount in Japanese Yen based on the exchange rate at the time of payment) to the Tender Offeror; and (3) after the execution of the Tender Offer Agreement and until the completion of the Squeeze-Out Procedure, the Company is restricted from actively encouraging or negotiating on transactions with a third party other than the Tender Offeror that substantially competing or conflicting with the Transactions (“Competing Transaction”), however, if the board of directors of the Company reasonably determines based on an opinion of external legal counsel, that maintaining the Support Resolution would constitute a breach of the fiduciary duty of the directors of the Company, the Company is permitted to engage in negotiations or other actions regarding the Competing Transaction (provided, however, that if the Competing Transaction is in the form of a tender offer, the Competing Transaction must have (i) no upper limit to the number of the Target Company Shares to be purchased, and (ii) a lower limit set to secure at least two-thirds of the voting rights in the Company after the completion of the Competing Transaction).

- As described in the Transaction Protection Provisions above, the Target Company is restricted to a certain extent from discussions with other potential acquirers under the Tender Offer Agreement. However, the threshold (102%) is not excessively high, and the amount of the break-up fee (up to USD 3,000,000 in an amount equivalent to transaction costs) is not excessively high as well. Also, it is not of such a nature as to have the effect of substantially compelling the Target Company’s shareholders to approve the Transaction. In addition, considering that the content of the agreement (i) does not prohibit any contact, etc. with a offeror of the Competing Offer with respect to the restriction on discussion, etc. of Competing Transactions, (ii) does not prevent discussion, etc. in cases where the Target Company’s Board of Directors reasonably determines that such contact, etc. could violate the fiduciary duty of the directors of the Target Company, and (iii) does not prohibit such a competing proposer to contact the Target Company in the event that a competing proposer actually emerges, we believe that the Transaction Protection Provisions ensure that opportunities for take overs by other acquirers are sufficiently secured. With respect to the Transaction Protection Provisions, we sought advice from Keiwa Sogo Law Office, and received a legal opinion that the Target Company’s acceptance of the Transaction Protection Provisions does not constitute a breach of the fiduciary duty by the directors of the Target Company under the Japanese Companies Act.

(4) Conditions for Squeeze-Out Procedure

- In the Transactions, the Squeeze-Out Procedure is scheduled to be implemented after the Tender Offer (at present, to be implemented by way of Demand for Share Cash-Out or Share Consolidation), and the Squeeze-Out Procedure will be subject to calculation and determination based on the same price as the Tender Offer Price, and furthermore, the Squeeze-Out Procedure is to be implemented as procedures following and after the Tender Offer. Therefore, the terms and conditions of the Squeeze-Out Procedure are deemed to be fair and reasonable.
- In addition, matters concerning the Squeeze-Out Procedure as a so-called two-step acquisition will be disclosed and explained in a prompt and detailed manner, which demonstrates the effort to secure an opportunity for the Target Company’s shareholders to make an informed decision. Other disclosure documents to be prepared and disclosed by the Tender Offeror and the Target Company will disclose information that is deemed necessary and reasonable for the Target Company’s shareholders to decide the appropriateness of the terms and conditions of the Transactions including the Tender Offer.

(5) Majority of Minority

- The minimum number of shares to be purchased in the Tender Offer is set at 894,500 shares, which is the number of shares higher than the number of shares obtained by (i) deducting the number of treasury shares (229,578 shares) held by the Target Company as of March 31, 2025 from the total number of issued shares of the Target Company as of March 31, 2025 (1,581,250 shares) as stated in the Summary of Financial Results for the Fiscal Year Ended March 31, 2025 and (ii) dividing such number (1,351,672 shares) by 2. Therefore, the minimum number of shares to be purchased in the Tender Offer is deemed to exceed the number corresponding to the so-called Majority of Minority.

(6) Enhancement of Information Provision to General Shareholders and Transparency of the Process

- Regarding enhancement of information provision to general shareholders and transparency of the process, disclosure documents to be prepared and disclosed by the Tender Offeror and the Target Company disclose information of the precise contents to the Tender Offer Agreement including the Transaction Protection Provisions and is deemed necessary and reasonable for the Target Company’s shareholders to decide the appropriateness of the terms and conditions of the Transactions including the Tender Offer.

3. Whether the decision regarding the Transactions (including, if a tender offer is conducted in connection with the Transactions, the decision to express an opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer, as well as other decisions made by the Target Company regarding the procedures for the Transactions) are not deemed to be disadvantageous to the Target Company’s minority shareholders

As described above, the purposes of the Transactions are deemed justifiable and reasonable, the terms and conditions of the Transactions are deemed fair and appropriate, and the procedures for the Transactions are deemed fair; hence, implementing the Transactions (including the Target Company’s board of directors making a decision to express an opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer) is not deemed to be disadvantageous to the Target Company’s minority shareholders.

4. Based on the above 1 to 4, whether the Target Company’s board of directors should express its opinion in favor of the Tender Offer and recommend that the Target Company’s shareholders to tender their shares in the Tender Offer

As described in 1 to 4 above, as the Transactions will help enhance the corporate value of the Target Company and the purposes of the Transactions are deemed justifiable and reasonable, it is deemed appropriate for the Target Company's board of directors to express an opinion in favor of the Tender Offer. Furthermore, as the terms and conditions of the Transactions are deemed fair and appropriate and the procedures for the Transactions are deemed fair, it is also deemed appropriate for the Target Company's board of directors to recommend that the Target Company's shareholders to tender their shares in the Tender Offer.

c. Procurement of Share Valuation Report from Third-Party Valuator Retained by the Special Committee

(i) Name of valuator and its relationship with the Company and the Tender Offeror

According to the Target Company, in considering the inquired matters described in "a. Procurement of a Share Valuation Report from Third-Party Valuator Retained by the Target Company" above, the Special Committee requested DTFA as its own third-party valuator independent of the Target Company and the Tender Offeror to prepare a Target Company's share valuation report to ensure the fairness of the decision-making on the Tender Offer Price offered by the Tender Offeror, and received the Target Company's Share Valuation Report (DTFA) on June 9, 2025. The Special Committee has not obtained from DTFA an opinion (fairness opinion) regarding the fairness of the Tender Offer Price as the Special Committee considered that the fairness of the Transactions including the Tender Offer Price was ensured given that measures to ensure the fairness of the Tender Offer Price and the fairness of the Transactions including the Tender Offer as well as measures to avoid conflict of interest were taken. Also, DTFA is not a related party of the Target Company nor the Tender Offeror and has no material interest that should be disclosed in connection with the Transactions including the Tender Offer. Further, the fees payable to DTFA in connection with the Transactions consist only of fixed fees payable regardless of the success or failure of the Transactions and do not include any incentive fees payable on certain conditions such as announcement or successful completion of the Transactions. In addition, the Special Committee examined the expertise and independence of DTFA before appointing DTFA as its own third-party valuator at the meeting of the Special Committee held on May 12, 2025.

(ii) Overview of Calculation

After considering which approaches should be applied to calculate the value of the Target Company Shares among several share valuation approaches available, DTFA deemed it appropriate to evaluate the Target Company Shares from various perspectives on the assumption of the Target Company being a going concern, and based on such determination, calculated the value per share of the Target Company Shares by applying the market price analysis as the Target Company Shares are listed on the Standard Market of the TSE and have the market price, and applying the DCF analysis to reflect in the valuation the business situation of the Target Company in the future.

The following are the ranges of values per share of the Target Company Shares that were calculated based on each calculation approach mentioned above.

Market price analysis: JPY 5,978 – JPY 6,540

DCF analysis: JPY 7,487 – JPY 9,082

Under the market price analysis, using June 9, 2025 as the valuation reference date, DTFA calculated the value per share of the Target Company Shares to range from JPY 5,978 to JPY 6,540, based on the closing price of the Target Company Share on the reference date (JPY 6,540), the simple average closing price for the most recent one month (JPY 6,529), the simple average closing price for the most recent three months (JPY 6,206) and the simple average closing price for the most recent six months (JPY 5,978) on the Standard Market of the TSE.

Under the DCF analysis, DTFA calculated the value per share of the Target Company Shares to range from JPY 7,487 – JPY 9,082 by calculating the corporate value and the share value of the Target Company by discounting to the current value at a certain discount rate the free cash flow that the Target Company is expected to generate in and from the fiscal year ending March 31, 2026 based on the Target Company's financial forecast and investment plan under the Business Plan for the period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030 prepared by the Target Company, as well as publicly disclosed information, and other information.

The financial forecast that DTFA used as the basis for calculation under the DCF analysis includes a business year in which the net sales is expected to increase or decrease significantly on a year-on-year basis. Specifically, although operating income for the fiscal year ending March 31, 2026 is expected to decline temporarily due to lower sales of sensors and heaters, the Target Company's main products, the Target Company forecast operating income of JPY 1,050 million (up 33.1% from the previous year) for the fiscal year ending March 31, 2027 due to reduced labor costs resulting from factory automation and productivity improvements and a recovery in sales. In addition, the Target Company expects to expand its sales channels and increase its sales volume. In addition, the Target Company projects operating income of JPY 1,620 million (up 49.3% from the previous year) for the fiscal year ending March 31, 2030, as sales increase due to the expansion of sales channels and the development of new products. The fiscal year also includes a fiscal year in which a significant change in free cash flow is expected. Specifically, in the fiscal year ending March 31, 2027, free cash flow is expected to decrease significantly to JPY 344 million (down 38.2% from the previous year) due to an increase in working capital resulting from a recovery in sales, but in the fiscal year ending March 31, 2028, free cash flow is expected to increase significantly to JPY 835 million (up 143.0% from the previous year), as the impact of the decrease in free cash flow due to an increase in working capital in the previous year is resolved. Furthermore, free cash flow is expected to decrease significantly to JPY 423 million (down 49.3% from the previous year) in the fiscal year ending March 31, 2029, due to an increase in working capital resulting from sales growth, but in the fiscal year ending March 31, 2030, free cash flow is expected to increase to JPY 796 million (up 143.0% from the previous year) due to a significant increase in profit

accompanying sales growth.. The financial forecast did not take into account synergies that can be realized through the Transactions since such synergies are difficult to estimate in detail at present.

It should be noted that the Special Committee confirmed that the contents, material assumptions, and preparation process of the financial forecast were reasonable as described in “b. Establishment of an Independent Special Committee at the Target Company and Procurement of a Report” above.

(Note) In analyzing and calculating the value of the Target Company Shares, DTFA in general adopted the information provided by the Target Company, publicly available information, and other information as it is and assumed that such materials and information were all accurate and complete, and that there was no fact that may materially affect the valuation of the Target Company Share and were not disclosed to DTFA, and DTFA did not independently verify the accuracy or completeness of such information. DTFA also assumed that the information on the Business Plan of the Target Company was reasonably prepared by the Target Company’s management team based on the best forecast and judgments available at present. Deloitte did not independently perform valuation or assessment of any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliates, nor did it request any appraisal or assessment from a third party. DTFA’s valuation reflects the above information up to June 9, 2025. DTFA’s valuation is solely for the purpose of serving as reference information for consideration by the Special Committee of the value of the Target Company Shares.

d. Receipt of Advice from an Independent Law Firm by the Target Company

According to the Target Company, in early December 2024, it appointed Keiwa Sogo Law Offices as its legal advisor independent from the Tender Offeror and the Target Company and obtained legal advice including advice concerning matters such as measures to be taken to ensure the fairness of the procedures in the Transactions, various procedures for the Transactions, the method and process of decision-making by the Target Company on the Transactions. Keiwa Sogo Law Offices is not a related party of the Tender Offeror or the Target Company nor does it have any material interest in the Transactions including the Tender Offer. The Special Committee has confirmed that there was no problem in the independence and expertise of Keiwa Sogo Law Offices, based on which, it has approved Keiwa Sogo Law Offices as the Target Company’s legal advisor. Also, the fees payable to Keiwa Sogo Law Offices do not include incentive fees which are payable subject to successful completion of the Transactions.

e. Unanimous Approval of All Disinterested Directors (Including Audit Committee Members) of the Target Company

According to the Target Company, it carefully discussed and deliberated on the terms and conditions of the Tender Offer by the Tender Offeror in light of legal advice on the process and method of decision-making on the Transactions and other points of attention obtained from Keiwa Sogo Law Offices, the contents of the Target Company’s Share Valuation Report, and the Report obtained from the Special Committee, and as a result thereof, the Target Company resolved, at the board of directors meeting held today with the unanimous consent of eight directors (including audit committee members), as described in “b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer,” that as the current opinion of the Target Company, if the Tender Offer is commenced, it will express an opinion in support of the Tender Offer and recommend that its shareholders tender their Target Company Shares in the Tender Offer.

Given the circumstances above, at the board of directors meeting referred to above, the Target Company also resolved (a) that when the Tender Offer is commenced, it will request the Special Committee established by the Target Company to consider whether or not there has been any change in the opinion in the Report and either to report to the Target Company’s board of directors that there is no change in the previous opinion or, if there is a change, to express the new opinion thereto and (b) that based on such opinion, it will express its opinion again regarding the Tender Offer at the time of commencement of the Tender Offer.

f. Establishment of Measures to Secure Purchase Opportunities from Other Purchasers

The Tender Offer Period is set at 30 business days which are longer than the minimum period of 20 business days as prescribed by laws and ordinances, and the Tender Offer is a so-called pre-announced tender offer, and a certain period is secured from the announcement of terms and conditions including the Tender Offer Price until the commencement of the Tender Offer. Additionally, the Tender Offeror has not entered into any agreements with the Target Company that would unreasonably restrict the Target Company’ from contacting potential competing offerors. Therefore, the Tender Offeror believes that it has ensured (i) the shareholders of the Target Company with an appropriate opportunity to make an informed decision regarding the Tender Offer and (ii) the potential competing offerors with an opportunity to make acquisition proposals.

g. Establishment of Lower Limits That Satisfy the Majority of Minority Condition

The Tender Offeror intends to make the Target Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer, and therefore, the minimum number of shares to be purchased in the Tender Offer is set at 894,500 shares (Shareholding Percentage: 66.18%), and if the total number of Tendered Share Certificates, Etc., in the Tender Offer is less than the minimum number of shares to be purchased, the Tender Offeror will not proceed with the purchase or acquisition of all Tendered Share Certificates, Etc. Furthermore, the minimum number of shares to be purchased in the Tender Offer (894,500 shares) exceeds the number of shares obtained by dividing the Base Number of Shares (1,351,672 shares) (as defined in “(6) Change of Ownership Percentage of Share Certificates, Etc., after the Purchase, Etc.”) by 2 (675,836 shares, rounded up to the nearest whole number). This means that the minimum number of shares to be purchased in the Tender Offer exceeds the number equivalent to the so-called Majority of Minority, and the Tender Offeror respects the wishes of

the Target Company's shareholders and intends to ensure the fairness of the Tender Offer by not proceeding with the Tender Offer if it does not obtain the approval of at least a majority of the Target Company's shareholders.

(4) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition) As described in "(1) Overview of the Tender Offer" above, if the Tender Offeror fails to acquire all of the Target Company Shares (however, excluding the treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror plans to request the Target Company to implement the Squeeze-Out Procedure to make the Tender Offeror the sole shareholder of the Target Company (excluding the Target Company) by the following method promptly after the completion of the settlement of the Tender Offer.

a. Demand for Share Cash-Out

In the event that the total number of voting rights of the Target Company held by Tender Offeror becomes 90% or more of the number of the voting rights of all shareholders of the Target Company as a result of the completion of the Tender Offer and the Tender Offeror becomes a special controlling shareholder as defined in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to demand that all shareholders (excluding the Tender Offeror and the Target Company) of the Target Company (the "Shareholders Subject to Cash-Out") sell all of their Target Company Shares (the "Demand for Share Cash-Out") promptly after the completion of the settlement of the Tender Offer in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act. With respect to the Demand for Share Cash-Out, the Tender Offeror plans to provide the Shareholders Subject to Cash-Out with a cash amount equal to the Tender Offer Price as consideration for each Target Company Share. In such case, the Tender Offeror will notify the Target Company of such fact and request the Target Company to approve the Demand for Share Cash-Out. If the Target Company approves the Demand for Share Cash-Out by resolution of its board of directors, the Tender Offeror will acquire all of the Target Company Shares held by the Shareholders Subject to Cash-Out on the acquisition date designated in the Demand for Share Cash-Out, in accordance with the procedures prescribed by the relevant laws and regulations, without the need for the individual approval of Shareholders Subject to Cash-Out. In such case, The Tender Offeror plans to deliver to each Shareholder Subject to Cash-Out a cash amount equal to the Tender Offer Price as consideration for each Target Company Share held by the Shareholders Subject to Cash-Out. According to the Target Company's Press Release, if the Demand for Share Cash-Out is made by the Tender Offeror, the Target Company plans to approve the Demand for Share Cash-Out.

As a provision of the Companies Act for the purpose of protecting the rights of minority shareholders in connection with the Demand for Share Cash-Out, it is provided that the Shareholders Subject to Cash-Out may file a petition with a court for a determination of the purchase price of the Target Company Shares held by the Shareholders Subject to Cash-Out in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations. The court will make the final determination as to the purchase price of the Target Company Shares in the event that the above petition is filed.

b. Share Consolidation

If the Tender Offer is completed but the total number of voting rights of the Target Company held by the Tender Offeror is less than 90% of the number of voting rights of all shareholders of the Target Company, the Tender Offeror plans to request, promptly after the completion of the settlement of the Tender Offer, the Target Company to hold an extraordinary meeting of shareholders (the "Extraordinary Shareholders' Meeting"), the agenda items of which will include a proposal to conduct a share consolidation of the Target Company Shares pursuant to the provisions of Article 180 of the Companies Act (the "Share Consolidation") and to partially amend the Articles of Incorporation to abolish the stipulation on the number of shares constituting one unit of shares subject to the Share Consolidation becoming effective. In the event that the Extraordinary Shareholders' Meeting is required to be held, the Tender Offeror believes that it is desirable to hold the Extraordinary Shareholders' Meeting as early as possible from the viewpoint of enhancing the corporate value of the Target Company and plans to request the Target Company to set the record date for the Extraordinary Shareholders' Meeting to a date close to, but following, the commencement date of settlement of the Tender Offer. According to the Target Company's Press Release, the Target Company intends to comply with such request if it receives such request from the Tender Offeror. If the Tender Offer commences on June 30, 2025, the Extraordinary Shareholders' Meeting is scheduled to be held in late October 2025, as of today. The Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders' Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will hold a proportionate number of the Target Company Shares in accordance with the Share Consolidation ratio approved by the Extraordinary Shareholders' Meeting on the date on which the Share Consolidation takes effect. If the Share Consolidation results in fractional shares that do not amount to one share, the shareholders of the Target Company who hold such fractional shares will be paid for such fractional shares with the cash to be paid for the sale of the Target Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Target Company or the Tender Offeror, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Target Company Shares corresponding to the total number of such fractional shares, the Tender Offeror plans to request that the Target Company file a motion with the court to permit a voluntary sale, after setting the amount to be paid to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company) as a result of the sale at the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each such shareholder. While the ratio of the Share Consolidation has not yet been determined as of the date hereof, the Tender Offeror plans to request that the number of the Target Company Shares to be held by the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company) be determined to be less than one share so that only the Tender Offeror will hold all of the Target

Company Shares (excluding the treasury shares held by the Target Company). The Target Company intends to comply with these requests from the Tender Offeror. The Companies Act has provisions which intend to protect the rights of minority shareholders relating to the Share Consolidation. Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations provide that, in the event of the Share Consolidation, if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Target Company may demand that the Target Company purchase all of their fractional shares at fair prices and may file a motion with the court to determine the price of the Target Company Shares. As described above, in the Share Consolidation, the number of the Target Company Shares held by shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company) is expected to be less than one share. Therefore, shareholders of the Target Company who oppose the Share Consolidation will be able to file the above motion. If the above motion is filed, the purchase price of the Target Company Shares will be ultimately determined by the court.

Depending on the relevant matters such as the revisions and enforcement of the relevant laws and regulations and their interpretation by the authorities, the above procedures for Demand for Share Cash-Out and Share Consolidation may require a longer time or there may be changes in the method of implementation. However, even in such cases, the Tender Offeror intends to take an approach to eventually pay cash to shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company). In such case, the amount of cash to be paid to each shareholder is planned to be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Target Company Shares each such shareholder holds. Specific procedures and the schedule thereof in the above cases shall be determined upon consultation between the Tender Offeror and the Target Company and announced by the Target Company as soon as they are determined.

With respect to the Restricted Stock, the allotment agreement provides that, (a) if, during the transfer restriction period, a matter concerning the Share Consolidation as set forth in Article 180 of the Companies Act is approved at a general meeting of shareholders of the Target Company or a matter concerning the Demand for Share Cash-Out as set forth in Article 179 of the of the Companies Act is approved at a general meeting of shareholders of the Target Company (however, limited to the case where the effective date of the Share Consolidation provided for in Article 180, Paragraph 2, Item 2 of the Companies Act or the date on which a special controlling shareholder acquires shares subject to the cash-out provided for in Article 179-2, Paragraph 1, Item 5 of the Companies Act (the "Squeeze-Out Effective Date") comes before the expiration of the transfer restriction period), the restriction on transfer will be removed, by a resolution of the Target Company's board of directors, with respect to all the Restricted Stock at the time immediately before the business day immediately preceding the Squeeze-Out Effective Date, and that (b) in the case provided in (a) above, the Target Company automatically acquires, without consideration, as of the business day immediately preceding the Squeeze-Out Effective Date, all the Restricted Stock for which the restriction on transfer is not removed as of such date. Therefore, in the Squeeze-Out Procedure, in accordance with (a) of the above allotment agreement, the Restricted Stock for which the restriction on transfer is removed at the time immediately before the business day immediately preceding the Squeeze-Out Effective Date will be subject to the Demand for Share Cash-Out or the Share Consolidation and in accordance with (b) of the above allotment agreement, the Target Company intends to acquire, without consideration, the Restricted Stock for which the restriction on transfer is not removed as of the business day immediately preceding the Squeeze-Out Effective Date.

Please note that the Tender Offer is not at all intended to solicit the approval of the shareholders of the Target Company at the Extraordinary Shareholders' Meeting. In addition, the shareholders of the Target Company are advised to consult with their certified tax accountants and other experts on their own responsibility regarding the tax treatment in respect of the Tender Offer or any of the above procedures.

(5) Possibility of Delisting and Reasons Therefor

The Target Company Shares are presently listed on the Standard Market of the TSE as of the date hereof, but the Tender Offeror has not set the maximum number of shares to be purchased through the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Target Company Shares may be delisted after the prescribed procedures are completed, in accordance with the delisting criteria of the TSE.

Even if the requirements of the delisting criteria are not met as of the time of completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedure after the completion of the Tender Offer as stated in "(4) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition)" above. If such procedures are implemented, the Target Company Shares will meet the delisting criteria of the TSE and be delisted through the prescribed procedures. The Target Company Shares cannot be traded on the Standard Market of the TSE after they are delisted.

(6) Matters concerning Important Agreements Related to the Tender Offer

a. Tender Offer Agreement

The Tender Offeror has entered into the Tender Offer Agreement with the Target Company as of today. The following matters have been agreed upon in the Tender Offer Agreement.

- (a) The Tender Offeror will announce the commencement of the Tender Offer and, subject to the fulfillment of the conditions precedent or their waiver by the Tender Offeror, will conduct the Tender Offer.
- (b) The Target Company shall, subject to the receipt of a written report of approval from the Special Committee for the Tender Offer, and provided that such approval has not been withdrawn or amended, adopt an Support Resolution and, until the expiration of the purchase period for the Tender Offer, except as provided in (c) below, not amend the Support Resolution or adopt any resolution that conflicts with the Support Resolution.

- (c) If, after the conclusion of the Tender Offer Agreement, no later than 5 business days prior to the Tender Offer Period, (A) a third party other than the Tender Offeror initiates a Competing Tender Offer for the Target Company Shares at a price per share exceeding 102.00% of the Tender Offer Price, or if an announcement of an intention to acquire the Target Company Shares through a tender offer at a purchase price per share exceeding 102.00% of the Tender Offer Price is made (Limited to cases where it is reasonably expected that the funds necessary for acquiring the Target Company Shares can be raised and that the approvals and procedures required by laws and regulations for acquiring the Target Company Shares can be completed within a reasonable period of time) (However, in either case, it shall be limited to those that (a) have no specified upper limit and (b) have a lower limit set to secure at least two-thirds of the voting rights of the Target Company after the completion of the tender offer for the Competing Proposal.); and (B) (a) the Target Company's board of directors reasonably determines, based on the opinion of outside counsel, that maintaining the Support Resolution would constitute a breach of the duty of care of the Target Company's directors, and (b) the Special Committee recommends the withdrawal or amendment of the Support Resolution, The Target Company may propose to the Tender Offeror to discuss the revision of the Tender Offer Price after disclosing the opinion of the such outside counsel to the Tender Offeror. Furthermore, if the Tender Offeror fails to change the Tender Offer Price to an amount equal to or higher than the tender offer price offered by the Competing Proposal by the earlier of the fifth business day after the date of the Competing Proposal or the last day of the Tender Offer Period, subject to the payment of a break-up fee to the Tender Offeror equal to the amount of expenses incurred by the Tender Offeror in connection with the Transactions (up to a maximum of USD 3 million (or the equivalent amount in Japanese yen based on the exchange rate at the time of payment)), the Target Company may amend or withdraw the Support Resolution.
- (d) The Target Company shall not actively solicit or negotiate any transactions with any third party other than the Tender Offeror that are substantially competitive or conflicting with the Transactions (the "Competing Transaction") during the period from the date of execution of the Tender Offer Agreement until the completion of the squeeze-out. However, if the board of directors of the Target Company reasonably determines, based on the opinion of outside counsel, that refraining from such negotiations or other actions would constitute a breach of the duty of care of the Target Company's directors, the Target Company may exceptionally engage in negotiations or other actions regarding the Competing Transaction (However, such exceptions shall be limited to cases where the Competing Transaction is in the form of a tender offer and falls under the requirements for a counter tender offer, and the number of the Target Company Shares to be purchased (a) have no specified upper limit and (b) have a lower limit set to secure at least two-thirds of the voting rights of the Target Company after the completion of the tender offer for the Competing Proposal.).
- (e) The Target Company shall, after the conclusion of the Tender Offer Agreement and until the completion of the squeeze-out, notify the Tender Offeror of the details of any proposal or other offer for a Competing Transaction received from a third party other than the Tender Offeror, and shall consult in good faith with the Tender Offeror regarding the response to such proposal or other offer, except in cases where such notification would clearly violate the duty of care of the directors.

The Tender Offer Agreement sets forth, in addition to the above, representations and warranties by the Tender Offeror and the Target Company (Note 1), other obligations of the Target Company (Note 2), and triggering events of cancellation/termination (Note 3). In addition, the Tender Offeror has taken out representation and warranty insurance, and it is stipulated that, except in cases where the breach of representation and warranty is fraudulent, the Tender Offeror shall only be entitled to claim compensation from the insurance company under such representation and warranty insurance for damages caused by the Target Company's breach of representation and warranty.

- (Note 1) In the Tender Offer Agreement, the Target Company makes representations and warranties regarding the Target Company Group, in essence, among others, (i) lawful and valid incorporation and existence as well as power and capacity required for business, (ii) effective conclusion of the Tender Offer Agreement and fulfillment of procedures, (iii) acquisition of permits and licenses necessary for the conclusion and performance of the Tender Offer Agreement, (iv) no conflict with laws and regulations, (v) no grounds for petition for bankruptcy, (vi) no transactions with antisocial forces, (vii) no unpublished material facts, (viii) matters concerning the Target Company Shares and shares of subsidiaries, (ix) accuracy of financial information, (x) holdings of assets necessary for business operations and important contracts, (xi) acquisition of licenses and permits necessary for business operations, (xii) compliance with labor laws, environmental laws, and other applicable laws and regulations, (xiii) absence of litigation, (xiv) matters concerning tax returns and other filings, (xv) accuracy of information disclosed in connection with the Transactions, and the Tender Offeror makes representations and warranties regarding the Tender Offeror, in essence, among others, (i) lawful and valid incorporation and existence as well as power and capacity required for business, (ii) valid execution of the Tender Offer Agreement and fulfillment of procedures, (iii) acquisition of permits and licenses necessary for the conclusion and performance of the Tender Offer Agreement, (iv) no conflicts with laws and regulations, (v) no grounds for petition for bankruptcy, (vi) no transactions with antisocial forces, (vii) securing of funds for the Tender Offer.
- (Note 2) In the Tender Offer Agreement, in addition to the obligations above, the Target Company undertakes, in essence, (i) to cooperate in the Squeeze-Out Procedure after the successful closing of the Tender Offer, (ii) an obligation to conduct business in the scope of ordinary operation during the period until completion of the Transactions, and (iii) an obligation to give notice when any breach of its own representations and warranties, breach of its own obligations, or failure to meet the Conditions Precedent is reasonably found.
- (Note 3) The Tender Offer Agreement specifies, among others, (a) with respect to the other party (i.e., the Target Company for the Tender Offeror and the Tender Offeror for the Target Company) (i) material breach of obligations under the Tender Offer Agreement or (ii) material breach of representations and warranties, and (b) unless it is attributable to itself, failure to commence the Tender Offer by December 31, 2025, as grounds for cancellation.

2. Outline of the Purchase, Etc.

(1) Outline of the Target Company

(1)	Name	Tokyo Cosmos Electric Co., Ltd.	
(2)	Location	2-12-1 Sobudai, Zama-shi, Kanagawa	
(3)	Name and Title of Representative	Yoshiki Iwasaki, Representative Director President	
(4)	Description of Business Activities	Manufacture and sale of adjustable resistors and automotive electrical components	
(5)	Capital	JPY 1,277 million (as of March 31, 2025)	
(6)	Date of Establishment	April 16, 1947	
(7)	Major Shareholders and Shareholding Percentages (as of September 30, 2024) (Note)	Seisei Co., Ltd.	12.76%
		Cosmos Business Partner Shareholding Association	7.16%
		GLOBAL ESG STRATEGY2 (Standing proxy: THE TACHIBANA SECURITIES CO., LTD)	5.83%
		GLOBAL ESG STRATEGY (Standing proxy: THE TACHIBANA SECURITIES CO., LTD)	4.18%
		GLOBAL ESG STRATEGY (Standing proxy: Phillip Securities Japan, Ltd.)	3.66%
		SECOM General Insurance Co., Ltd.	3.52%
		OKASAN SECURITIES GROUP INC.	2.95%
		THE TACHIBANA SECURITIES CO., LTD	2.36%
		Toshinori Akimoto	1.70%
		Global ESG Strategy2 (Standing proxy: Phillip Securities Japan, Ltd.)	1.60%
(8)	Relationship between the Tender Offeror and the Target Company		
	Capital Relationship	Not applicable.	
	Personnel Relationship	Not applicable.	
	Business Relationship	The Target Company purchased adjustable resistors from Bourns which is the parent company wholly owning the Tender Offeror, worthing JPY 23 million (business year of 2022), JPY 4 million (business year of 2023), and JPY 11 million (business year of 2024) from the Tender Offeror annually and sells them to its customers in Japan.	
	Status as Related Party	Not applicable.	

(Note) “(7) Major Shareholders and Shareholding Percentages (as of September 30, 2024)” is taken from the “Status of Major Shareholders” in the Semi-annual Securities Report for 68th Fiscal Year, which was filed by the Target Company on November 14, 2024 (“Target Company’s Semi-annual Securities Report”).

(2) Schedule, Etc.

As of today, the Tender Offeror is planning to commence the Tender Offer by June 30, 2025 (tentative date) and the detailed schedule of the Tender Offer will be notified as soon as it is determined. Any change to the expected timing of commencement of the Tender Offer will also be notified promptly, if any.

The purchase period in the Tender Offer (“Tender Offer Period”) will be 30 business days.

(3) Price for Purchase, Etc.

JPY 8,075 per 1 ordinary share

However, the Tender Offer Price is based on the assumption that the Target Company will not pay dividends with a record date prior to the settlement commencement date of the Tender Offer (excluding dividend of surplus pertaining to the Dividend of Surplus Proposal) or repurchase its own shares with a repurchase date prior to the settlement commencement date of the Tender Offer. If the body which decides business execution of the Target Company decides by the business day immediately preceding the commencement date of the Tender Offer to pay dividends with a record date prior to the settlement commencement date of the Tender Offer (excluding dividend of surplus pertaining to the Dividend of Surplus Proposal) or to repurchase its own shares with the acquisition date being the date prior to the settlement commencement date of the Tender Offer or submit a proposal for such dividends or repurchase to a general shareholders’ meeting of the Target Company (including the case where a motion to revise the Dividend of Surplus Proposal is submitted from shareholders of the Target Company and is approved and adopted at the Annual General Meeting of Shareholders), the dividend amount per share or the amount obtained by dividing the total consideration for the acquisition of such treasury stock by the total number of outstanding shares of the Target Company (excluding the number of treasure stock of the Target Company) will be deducted from the Tender Offer Price (Note 1). If it becomes necessary to revise the Tender Offer Price based on the above circumstance, the Tender Offeror will make such revision by the time of the commencement date of the Tender Offer. Any revision to the Tender Offer Price will be announced promptly.

(Note 1) If a motion to revise the Dividend of Surplus Proposal is submitted from shareholders of the Target Company and is approved and adopted at the Annual General Meeting of Shareholders, the amount of dividends per share pertaining to the revising motion in excess of the Proposed Dividend Amount will be deducted from the Tender Offer Price.

(4) Background of Calculation of Price for Purchase, Etc.

a. Basis of Calculation

In deciding the Tender Offer Price, the Tender Offeror took into account, among others, the management and business operation plans, recent business performance of the Target Company, findings in the due diligence on the Target Company (including potential synergies of potentiometers and angle detection products which have complement relationship), movement of the market price of the Target Company Shares, economic conditions, whether the Target Company’s board of directors and the special committee supports the Tender Offer or not.

The Tender Offerors have not obtained a share valuation report from a third-party valuator as they decided the price comprehensively taking the above factors into account.

The Tender Offer Price (JPY 8,075 per share) represents (i) a premium of 23.47% on the closing price of the Target Company Shares of JPY 6,540 on the Standard Market of the TSE on June 9, 2025, which is the business day immediately preceding the day on which the scheduled commencement of the Tender Offer is publicly announced by the Tender Offeror, Etc., (ii) a premium of 23.93% on the simple average of closing prices of JPY 6,516 for the one-month period ending on that day, (iii) a premium of 29.68% on the simple average of closing prices of JPY 6,227 for the three-month period ending on that day, and (iv) a premium of 34.38% on the simple average of closing prices of JPY 6,009 for the six-month period ending on that day.

b. Background of Calculation

The Tender Offeror analyzed and valued the Target Company through the due diligence on the Target Company conducted between January 1, 2025 and early may, 2025, and derived the Tender Offer Price after performing a detail analysis of the Target Company historic performance as well as the anticipated future performance most likely achievable based on the current market dynamics and future expectations of those markets, the portfolio of products and customers that the Target Company possesses and the likely ability with which to scale those products and customer base given the experience and expert opinions of the Tender Offeror. A range of valuation methods were considered, including a discounted cash flow (“DCF”) analysis in addition to evaluating market comparable of valuation for similar peer companies.

Using the baseline financial profit and loss (“P&L”) statement and projected cash flow for the business year of 2025 to the business year of 2029 provided by the Target Company, in addition to capital investment projections, the Tender Offeror performed a DCF analyses to derive a valuation of the Target Company by discounting to the current value at a certain discount rate the free cash flow that the Target Company is expected to generate in the future. The Tender Offeror revised the DCF analysis given the future conditions of the Target Company if the Tender Offer is successfully completed. For example, it revised the profit and loss statement based on the operating cost if the Target Company switches from a public company to a private company and made additional accounting adjustment to the operation method under the status of a private company. Furthermore, the Tender Offeror foresees revisions in the DCF analysis based on the insights unique in a tender offer such as future market growths, strengths of existing products and existing customers of the Target Company, and ability to take in growth in the projection period.

Consideration on total value also took into account the historical performance of the business and the levels of realized cash conversion with the organizational design, market conditions, product portfolio and ongoing investments required to operate the business today.

Finally, Target Offeror considered the Target Company’s stock value performance over time with particular recognition to the most recent short-term gains which do not appear to be commensurate with any demonstrable change in operating performance and the recognition of the fact that these recent gains in Target Company’s share price had in effect already created a premium to share value determined based on the traditional valuation methods.

The Tender Offeror comprehensively considered these factors and concluded that the Tender Offer Price (JPY 8,075 per share) would be an adequate and fair price for shareholders of the Target Company and provide a record high level of profit with the premium mentioned in the above “a. Basis of Calculation” is added to the recent trading price.

c. Relationship with Valuation Institution

Not applicable since the Tender Offeror did not obtain a share valuation report and an opinion on fairness (fairness opinion) from a third-party valuator when deciding the Tender Offer Price.

(5) Number of Share Certificates, Etc., to be Purchased

Class of share certificate, etc.	Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common stock	1,351,672 (shares)	894,500 (shares)	- (shares)
Total	1,351,672 (shares)	894,500 (shares)	- (shares)

(Note 1) If the total number of the Tendered Share Certificates, Etc. does not reach the minimum number of shares to be purchased (i.e., 894,500 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or more than the minimum number of shares to be purchased (i.e., 894,500 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) The Tender Offeror does not intend to acquire, through the Tender Offer, any treasury shares held by the Target Company.

(Note 3) Shares constituting less than a unit will also be subject to purchase through the Tender Offer. The Target Company may purchase its own shares in accordance with procedures stipulated by law during the Tender Offer Period from any shareholder of the Target Company who exercises the right to require the Target Company to purchase shares constituting less than a unit under the Companies Act.

(Note 4) Since the maximum number of shares to be purchased is not set in the Tender Offer, the number of shares to be purchased indicates the maximum number of share certificates, etc., that may be acquired by the Tender Offeror through the Tender Offer (i.e., 1,351,672 shares). The said maximum number is the number of shares (i.e., 1,351,672 shares), which is obtained by deducting the number of treasury shares held by the Target Company as of March 31, 2025 (i.e., 229,578 shares) from the total number of issued shares of the Target Company as of the same date (i.e., 1,581,250 shares), as stated in the Target Company's Financial Results Fiscal Year Ended March 31, 2025.

(Note 5) The "number of shares to be purchased" and the "minimum number of shares to be purchased" stated above are tentative figures based on the information confirmed with the Target Company as of today, and the actual figures in the Tender Offer may differ from the above figures due to changes, etc., in the number of treasury shares held by the Target Company on or after today. The final "number of shares to be purchased" and "minimum number of shares to be purchased" will be determined prior to the commencement of the Tender Offer, based on the latest information available at the time of the commencement of the Tender Offer.

(6) Change of Ownership Percentage of Share Certificates, Etc., after the Purchase, Etc.

Number of Voting Rights Represented by Share Certificates, Etc., Owned by Tender Offeror prior to the Tender Offer, Etc.	- units	(Ownership Percentage of Share Certificates, Etc., prior to Tender Offer, Etc. - %)
Number of Voting Rights Represented by Share Certificates, Etc., Owned by Special Related Parties prior to the Tender Offer, Etc.	- units	(Ownership Percentage of Share Certificates, Etc., prior to Tender Offer, Etc. - %)
Number of Voting Rights Represented by Share Certificates, Etc., Owned by Tender Offeror after the Tender Offer, Etc.	13,516 units	(Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc. 100.00 %)
Number of Voting Rights Represented by Share Certificates, Etc., Owned by Special Related Parties after the Tender Offer, Etc.	- units	(Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc. - %)
Number of Voting Rights of All Shareholders, Etc. of the Target Company	13,340 units	

(Note 1) The "Number of Voting Rights Represented by Share Certificates, Etc., Owned by Tender Offeror after the Tender Offer, Etc." is indicated as the number of voting rights represented by the number of shares to be purchased in the Tender Offer, as stated in "(5) Number of Share Certificates, Etc., to be Purchased" above (i.e., 1,351,672 shares).

(Note 2) The "Total Number of Voting Rights of All Shareholders, Etc. of the Target Company" represents the total number of voting rights of all shareholders, etc. as of September 30, 2024, as stated in the Target Company's Semi-annual Securities Report. However, as shares constituting less than a unit will also be subject to purchase through the Tender Offer, in calculating the "Ownership Percentage of Share Certificates, Etc., prior to Tender Offer, Etc." and "Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc.," the number of voting rights (i.e., 13,516 voting rights) represented by the number of shares (i.e., 1,351,672 shares), which is obtained by deducting the number of treasury shares held by the Target Company as of March 31, 2025 (i.e., 229,578 shares) from the total number of issued shares as of the same date (i.e., 1,581,250 shares), as stated in the Target Company's Financial Results for Fiscal Year Ended March 31, 2025, is used as the denominator.

(Note 3) The "Ownership Percentage of Share Certificates, Etc., prior to Tender Offer, Etc." and the "Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc." are rounded to two decimal places.

(7) Purchase Price (Estimated)

JPY 10,914,751,400

(Note 1) The "Purchase Price" above is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (1,351,672 shares) by the Tender Offer Price (JPY 8,075 per share) (Note 2), as stated in "(5) Number of Share Certificates, Etc., to be Purchased" above. The purchase price, thus, may vary if the actual number in respect of the number of shares to be purchased in the Tender Offer differs due to any fluctuations after today.

(Note 2) The Tender Offer Price is based on the assumption that the Target Company will not pay dividends with a record date prior to the settlement commencement date of the Tender Offer (excluding dividend of surplus pertaining to the Dividend of Surplus Proposal) or repurchase its own shares with a repurchase date prior to the settlement commencement date of the Tender Offer. If the body which decides business execution of the Target Company decides by the business day immediately preceding the commencement date of the Tender Offer to pay dividends with a record date prior to the settlement commencement date of the Tender Offer (excluding dividend of surplus

pertaining to the Dividend of Surplus Proposal) or submit a proposal for such dividends to a general shareholders' meeting of the Target Company (including the case where a motion to revise the Dividend of Surplus Proposal is submitted from shareholders of the Target Company and is approved and adopted at the Annual General Meeting of Shareholders), the dividend amount per share or the amount obtained by dividing the total consideration for the repurchase of such shares by the total number of issued shares of the Target Company (excluding the number of treasury shares held by the Target Company) will be deducted from the Tender Offer Price. If it becomes necessary to revise the Tender Offer Price based on the above circumstance, the Tender Offeror will make such revision by the time of the commencement date of the Tender Offer. Any revision to the Tender Offer Price will be announced promptly.

(Note 3) If a motion to revise the Dividend of Surplus Proposal is submitted from shareholders of the Target Company and is approved and adopted at the Annual General Meeting of Shareholders, the amount of dividends per share pertaining to the revising motion in excess of the Proposed Dividend Amount will be deducted from the Tender Offer Price.

(8) Other Conditions and Methods of the Purchase, Etc.

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

If the total number of the Tendered Share Certificates, Etc., does not reach the minimum number of shares to be purchased (i.e., 894,500 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or more than the minimum number of shares to be purchased (i.e., 894,500 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

b. Other Conditions and Methods of the Purchase, Etc.

The "method of settlement of the Tender Offer," the "date of public notice of the commencement of the Tender Offer," and "other conditions and methods of the purchase, etc." will be announced as soon as they are determined. SMBC Nikko Securities Inc. will be appointed as the tender offer agent.

c. Other

- This Press Release is a press release intended to publicly announce the Tender Offer and has not been prepared for the purpose of soliciting offers to sell or purchase the shares or other securities subject to the Tender Offer. When making an offer to sell the shares or other securities subject to the Tender Offer, please be sure to review the tender offer statement for the Tender Offer and make your own decision as a shareholder. This Press Release does not constitute a solicitation to sell or an offer to purchase any securities, nor does it form part of any such solicitation or offer. Neither this Press Release (or any part thereof) nor the fact of its distribution shall constitute the basis for any contract relating to the Tender Offer, nor shall any reliance be placed on this Press Release (or any part thereof) in connection with the conclusion of any contract.
- The Tender Offer is for shares in the Target Company, which is a company established in Japan. The Tender Offer will be implemented in accordance with the procedures and disclosure standards under Japanese law, which may differ from those in the United States. In particular, the provisions of Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; hereinafter the same shall apply) and the rules promulgated thereunder do not apply to the Tender Offer, and the Tender Offer will not be conducted in accordance with such procedures or standards. The financial information contained in this Press Release is based on Japanese accounting standards, which may differ significantly from the generally accepted accounting principles in the United States and other countries. Additionally, as some of the parties to the Tender Offer are corporations established outside the United States, and some or all of its officers are not residents of the United States, it may be difficult to exercise any rights or claims that may be asserted under U.S. securities laws. Furthermore, it may not be possible to initiate legal proceedings in a court outside the United States against a corporation established outside the United States and its officers based on violations of U.S. securities laws. Furthermore, the courts of the United States may not have jurisdiction over entities outside the United States and their subsidiaries and affiliated companies.
- All procedures related to the Tender Offer shall be conducted in Japanese language, unless otherwise specified. All or part of the documents related to the Tender Offer may be prepared in English, but in the event of any discrepancy between the English documents and the Japanese documents, the Japanese documents shall prevail.
- This Press Release contains "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. Actual results may differ materially from those expressed or implied by such forward-looking statements due to known or unknown risks, uncertainties, and other factors. The Tender Offeror or its affiliates do not guarantee that the results indicated, either explicitly or implicitly, in these forward-looking statements will be achieved. The forward-looking statements contained in this Press Release are based on information available to the Tender Offeror as of today, and the Tender Offeror and its affiliates are not under any obligation to update or revise any forward-looking statements to reflect future events or circumstances, except as required by law.
- The Tender Offeror, the financial advisors of the Target Company, and the Tender Offer Agent (including their respective affiliated companies) will, to the extent permitted by any laws and regulations related to financial instruments transactions and other applicable laws and regulations of Japan, within the scope of their ordinary business, and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, may purchase or take actions to purchase the Target Company Shares for their own account or on behalf of their clients during the Tender Offer Period, outside of the Tender Offer. Such purchases may be made at market prices through market transactions or at prices determined through private negotiations outside the market. If information regarding such purchase is disclosed in Japan, it will also be disclosed on the English website (or other public

disclosure methods) of the financial advisor, the Target Company, or the Tender Offer Agent that conducted the purchase.

- In the event that shareholders exercise their right to request the purchase of shares less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the procedures set forth in laws and regulations.
- In some countries or regions, legal restrictions may apply to the publication, distribution, or dissemination of this Press Release. In such cases, please take note of and comply with such restrictions. The publication, distribution, or dissemination of this Press Release does not constitute an offer to purchase or sell any securities or other financial instruments, nor does it constitute an invitation or solicitation to make any such offer. This Press Release is provided solely for informational purposes.

3. Policies After the Tender Offer and Future Outlook

With respect to the policies after the Tender Offer, etc., please see “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer,” “(4) Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-Called Two-Step Acquisition,” and “(5) Possibility of Delisting and Reasons Therefor” under “1. Purpose of the Purchase, Etc.” above.

4. Other Information

(1) Agreements between the Tender Offeror and the Target Company or its Officers, and Details Thereof

a. Expressing Opinion in Support of the Tender Offer

According to the Target Company’s Press Release, the Target Company resolved at the meeting of its board of directors held today, 2025 that as the current opinion of the Target Company, if the Tender Offer is commenced, it will express an opinion in support of the Tender Offer and recommend that its shareholders tender the Target Company Shares in the Tender Offer.

For details of the decision-making process of The Target Company’s board of directors, please see the Target Company’s Press Release and “b. Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Target Company” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” under “1. Purpose of the Purchase, Etc.” above.

b. Tender Offer Agreement

Please see “(a) Tender Offer Agreement” under “(6) Matters Concerning Important Agreements Related to the Tender Offer” under “1. Purpose of the Purchase Etc.” above.

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

a. Release of “Consolidated Financial Results for Fiscal Year Ended March 31, 2025 (Japanese GAAP)”

The Target Company released the Target Company’s Financial Results for Fiscal Year Ended March 31, 2025 on May 12, 2025. The summary of the Target Company’s Financial Results for Fiscal Year Ended March 31, 2025 is shown below. The announcement did not go through a quarterly review by an audit firm as provided in Article 193-2, Paragraph 1 of the Act. The following summary is an excerpt from the announcement made by the Target Company and please see the announcement itself for the details.

(a) Profit and Loss (Consolidated)

Fiscal Year	Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net sales	JPY 10,506 million
Cost of sale	JPY 7,584 million
Selling, general and administrative expense	JPY 1,882 million
Non-operating income	JPY 53 million
Non-operating expense	JPY 65 million
Net income (Net loss)	JPY 709 million

(b) Per-share Information (Consolidated)

Fiscal Year	Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net income per share	JPY 524.71
Dividends per share	JPY 175
Net asset value per share	JPY 5,604.56

End