

August 8, 2025

Company name: Toyoda Gosei Co., Ltd.
Name of representative: Katsumi Saito
President,
(Securities code 7282; Tokyo
Prime Market and Nagoya
Premier Market)
Inquiries: Hidetoshi Yamamoto
General Manager of Corporate
Planning Division
(Tel: +81-52-400-5105)

**Notice Regarding Commencement of Tender Offer
for Share Certificates, Etc. of Ashimori Industry Co., Ltd. (Securities Code 3526)**

Toyoda Gosei Co., Ltd. (the “**Tender Offeror**”) hereby announces as follows that it resolved at its board of directors meeting held on August 8, 2025 to acquire the common shares of Ashimori Industry Co., Ltd. (a company with securities code 3526, listed on the Standard Market of Tokyo Stock Exchange, Inc. (the “**TSE**”); hereinafter the “**Target Company**”; those common shares, the “**Target Company Shares**”) and the Share Acquisition Rights (as defined in “(B) Share Acquisition Rights” in “(2) Class of Share Certificates, Etc. to be Acquired in the Tender Offer” in “2. Overview of the Tender Offer” below; the same applies below) through a tender offer (the “**Tender Offer**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”).

1. Purpose of the Tender Offer

(1) Outline of the Tender Offer

As of today, the Tender Offeror holds 1,703,500 Target Company Shares (ownership ratio (Note 1): 28.26%) listed on the Standard Market of the TSE, and the Target Company is an equity-method affiliate of the Tender Offeror.

The Tender Offeror resolved at its board of directors meeting dated August 8, 2025 to conduct the Tender Offer as part of the transactions for the purpose of acquiring all of the Target Company Shares (including all of the Target Company Shares delivered upon exercise of the Share Acquisition Rights, but excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) and all of the Share Acquisition Rights and making the Target Company a wholly owned subsidiary of the Tender Offeror (the “**Transactions**”).

Note 1: “Ownership ratio” means a percentage (rounded to the nearest two decimal places; the same applies to statements regarding ownership ratios below, unless otherwise specified) of the number of shares that results from the

following calculation (6,027,638 shares; the “**Total Number of Shares (Fully Diluted Basis)**”), and the same applies below: the total number of the Target Company’s issued shares as of June 30, 2025 (6,056,939 shares) as stated in the “Summary of Consolidated Financial Results for the Three Months Ended June 30, 2025 (the “**Target Company’s Financial Results**”) disclosed by the Target Company on August 8, 2025, minus the number of treasury shares held by the Target Company as of June 30, 2025 (35,891 shares; that difference, 6,021,048 shares), plus the number of the Target Company Shares (6,590 shares) to be delivered upon exercise of the Share Acquisition Rights (659 share acquisition rights (Note 2)) reported by the Target Company to be remaining as of June 30, 2025.

Note 2: A breakdown of the Share Acquisition Rights reported by the Target Company to be remaining as of June 30, 2025 is set out below.

Name of share acquisition rights	Number of share acquisition rights	Number of Target Company Shares to be delivered upon exercise
Series 1 Share Acquisition Rights	96 share acquisition rights	960 shares
Series 2 Share Acquisition Rights	104 share acquisition rights	1,040 shares
Series 3 Share Acquisition Rights	316 share acquisition rights	3,160 shares
Series 4 Share Acquisition Rights	143 share acquisition rights	1,430 shares

The Tender Offeror has set the minimum number of share certificates, etc. to be purchased in the Tender Offer at 2,308,100 shares (ownership ratio: 38.29%), and if the total number of share certificates, etc. tendered in response to the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of share certificates, etc. to be purchased, then the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc.

However, as stated above, the Tender Offeror intends to make the Target Company a wholly owned subsidiary of the Tender Offeror by acquiring all of the Target Company Shares (including all of the Target Company Shares delivered upon exercise of the Share Acquisition Rights, but excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) and all of the Share Acquisition Rights, so the Tender Offeror has not set a maximum number of share certificates, etc. to be purchased and will purchase all of the Tendered Share Certificates, Etc. if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of share certificates, etc. to be purchased.

The minimum number of share certificates, etc. to be purchased has been set as the difference (2,308,100 shares) that results when subtracting (a) the product of the sum of the number of voting rights (17,035 voting rights) pertaining to the number of the Target Company Shares held by the Tender Offeror as of today (1,703,500 shares) and

the number of voting rights (68 voting rights) pertaining to the shares of the Target Company's restricted stock that is granted to the Target Company's directors and executive officers as restricted stock compensation (the "**Restricted Stock**") and that is held by the Target Company's directors (7,172 shares in total; ownership ratio: 0.12%; that sum of voting rights, 17,103 voting rights), multiplied by the Target Company's share unit number (1,710,300 shares) (Note 3), from (b) the product (4,018,400 shares) of two-thirds of the voting rights pertaining to the Total Number of Shares (Fully Diluted Basis) (6,027,638 shares; the total number of those voting rights, 60,276 voting rights), rounded up to the nearest integer (40,184 voting rights), multiplied by the Target Company's share unit number (100 shares).

Note 3: Although the Restricted Stock may not be tendered in the Tender Offer due to the transfer restrictions, the Target Company's board of directors meeting held on August 8, 2025 resolved to express an opinion in support of the Tender Offer to be conducted as a part of the Transactions, so the Tender Offeror believes that, of the holders of the Restricted Stock, the Target Company's directors can be expected to support a Squeeze-Out Procedures (defined below) if the Tender Offer is successfully completed; therefore, in considering the minimum number of share certificates, etc. to be purchased, the number of voting rights pertaining to the number of shares of Restricted Stock held by the Target Company's directors has been deducted.

If the Tender Offeror is unable to acquire all of the Target Company Shares (including all of the Target Company Shares delivered upon exercise of the Share Acquisition Rights, but excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) and all of the Share Acquisition Rights through the Tender Offer, then, promptly after the Tender Offer is successfully completed, the Tender Offeror intends to implement a series of procedures to make the Target Company a wholly owned subsidiary of the Tender Offeror (the "**Squeeze-Out Procedures**") as stated in "(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the "Two-Step Acquisition")" below.

According to "Notice Concerning Expression of Opinion of Support and Recommendation to Tender Share Certificates, Etc. in Relation to Tender Offer for Share Certificates, Etc. of Ashimori Industry Co., Ltd. by Other Associated Company Toyoda Gosei Co., Ltd." released on August 8, 2025 by the Target Company (the "**Target Company's Press Release**"), the Target Company resolved at its board of directors meeting held on August 8, 2025 to express an opinion of support in relation to the Tender Offer and to recommend that its shareholders and the holders of the Share Acquisition Rights (the "**Share Acquisition Rights Holders**") tender their share certificates, etc. in the Tender Offer.

For details regarding the Target Company's decision-making process, please refer to the Target Company's Press Release and "(F) Approval of all disinterested directors of the Target Company and opinion of all disinterested audit and supervisory board members of the Target Company that they have no objection" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Right Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the

Tender Offer, and Management Policy After the Tender Offer

- (A) Background, purpose, and decision-making process with respect to the Tender Offeror deciding to conduct the Tender Offer

The Tender Offeror has its roots in the rubber research department established in 1934 in the automotive division of Toyoda Automatic Loom Works, Ltd. (currently Toyota Industries Corporation), and it was incorporated in June 1949 as Nagoya Rubber Co., Ltd. In August 1973, it changed its name to Toyoda Gosei Co., Ltd., and it was listed on the Second Section of the Nagoya Stock Exchange in December 1978 and the First Section of the TSE in 1999. Subsequently, in October 1983, the Tender Offeror transferred its listing to the First Section of the Nagoya Stock Exchange, and in March 1999, it listed on the First Section of the TSE. Furthermore, in April 2022, following a restructuring of the market segments of the TSE and the Nagoya Stock Exchange, the Tender Offeror's transferred its listing to the Prime Market of the TSE and the Premier Market of the Nagoya Stock Exchange respectively, where it remains listed as of today.

As of today, the Tender Offeror Group (which collectively refers to the Tender Offeror and its subsidiaries and affiliates; the same applies below) consists of the Tender Offeror, 52 subsidiaries, and 8 affiliates, including the Target Company. Since its founding, based on its synthetic rubber and plastic mixing technology, the Tender Offeror has demonstrated its collective strength in areas ranging from development to production and sales and has provided products and services mainly related to automotive parts.

The Tender Offeror Group is engaged in businesses mainly relating to automotive parts, in which it manufactures and sells safety systems (Note 1), interiors and exteriors (Note 2), functional components (Note 3), and weatherstrips (Note 4), and its main customers are Japanese and foreign automobile and automotive parts manufacturers. In August 2023, the Tender Offeror announced its "2030 Business Plan," a medium- and long-term business plan for the purpose of achieving sustainable growth into the future by providing social value tailored to changes in mobility-oriented society, under which it set out a vision of becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and the Tender Offeror aims to deliver value to society in the form of peace of mind and safety through safety systems, comfort through interior and exterior components, and decarbonization through new businesses for polymer materials.

Note 1: Safety systems refer to automotive parts relating to safety, such as airbags and steering wheels. Since beginning mass production of driver-side airbags in 1989, the Tender Offeror Group has brought to market a variety of airbags and has thereby achieved full 360° coverage that reduces impacts from every angle. The Tender Offeror Group also mass produces devices for ensuring pedestrian safety and is actively developing next-generation technologies such as active safety systems.

Note 2: Interiors and exteriors refer to interior parts that contribute to a comfortable cabin, such as instrument panels, which are large interior parts in front of the driver's seat that contain instruments such as meters and audio equipment, and console boxes, which hold drink holders between the driver's seat and the front passenger seat, and exterior components relating to vehicle design, such

as radiator grilles, which are installed between the headlights of a car and serve as an intake for outside air. Many of these parts are easily visible, and require a high level of design as well as functionality.

Note 3: Functional components refer to automotive parts such as plastic fuel filler pipes that send fuel from the refueling port to the fuel tank and plastic turbo ducts that send compressed air to increase engine output. Many of these include products relating to fuel, engines, and braking systems and are important as they support the basic vehicle functions of driving, turning, and stopping. In addition to high quality, the Tender Offeror also endeavors to reduce component weight and size, and it has been highly evaluated by global customers for many years.

Note 4: Weatherstrips refer to automotive parts such as opening trim weatherstrips and door glass runs that are attached to doors and window frames to close gaps and protect the interior from rain, wind, and noise and ensure that doors and windows can be opened and closed smoothly. These products are indispensable for maintaining cabin comfort and the Tender Offeror Group is proud that it has been able to maintain a certain reputation among global customers in weatherstrips.

According to the Target Company's Press Release, the Target Company's roots date back to November 1878, when Buhei Ashimori began manufacturing cotton power transmission ropes, and it was incorporated as Ashimori Rope Works in December 1935. In May 1944, it changed its name to Ashimori Industry Co., Ltd., following which it was listed on the First Section of the Osaka Securities Exchange in January 1950 and the First Section of the TSE in December 1961. Due to the management integration of the TSE and the Osaka Securities Exchange on November 20, 2011, the Target Company was listed only on the TSE, and following a market reorganization by the TSE on April 4, 2022, the Target Company was transferred to the Prime Market of the TSE, and it was transferred again to the Standard Market of the TSE in October 2023, where it remains listed at present.

As of today, the company group, consisting of the Target Company, 14 subsidiaries one affiliate, and one other related company (the "**Target Company Group**") is engaged in businesses in two segments, automotive safety systems and high-performance products. In the automotive safety systems business, the Target Company Group manufactures and sells mainly automobile seatbelts, airbags, rear cargo covers, electric rear sunshades (this refers to an electric sunshade attached to the rear window of a car's rear seat), and other products, while in the high-performance products business, the Target Company Group manufactures and sells mainly high-performance materials and textiles, fire hoses, and other products and is engaged in manufacturing, selling, and installing pipe repair hoses.

As a set of guidelines to achieve its management goals, the Target Company has established a company creed of placing a high value on trust and striving for the utmost reliability, maintaining a vibrant company based on harmony and open-mindedness, and being creative and contributing to society through its business activities. Under that creed, the Target Company has positioned business trust and reliability as the foundations of its management and has worked to establish a stable management base from a long-term perspective, and it maintains a basic philosophy of contributing to

society through its business activities by using its excellent development and technological capabilities to create a variety of new products.

In regard to the capital relationship between the Tender Offeror and the Target Company, in May 2021, the Tender Offeror entered into a capital and business alliance agreement with the Target Company and acquired 834,100 Target Company Shares (13.89% of all issued common shares excluding treasury shares at that time). In the safety systems business, by utilizing the business assets and know-how of both companies, the Tender Offeror and the Target Company established a framework for collaboration in areas such as technological development, production, and purchasing, and since then, they have aimed to increase their competitiveness through synergies. Subsequently, in order to advance and accelerate its collaborative relationship with the Target Company, the Tender Offeror acquired an additional 869,400 Target Company Shares (14.48% of all issued common shares excluding treasury shares at that time) in November 2023, thereby strengthening the capital and business alliance with the Target Company. The Tender Offeror thereby came to hold 1,703,500 Target Company Shares (28.37% of all issued common shares excluding treasury shares at that time), and the Target Company became an equity-method affiliate of the Tender Offeror. Under this new capital and business alliance, the Tender Offeror has worked to strengthen synergies in the areas of development and design, sales, procurement, and production, aiming to become a system supplier that can propose and provide a total range of safety systems.

In the market environment surrounding automotive safety parts, as the automotive market itself is approaching a major turning point with the progress of electrification and automated driving, it is necessary to optimize safety systems in accordance with the change in vehicle body structure from internal combustion engine vehicles to electric vehicles and to study new passenger protection designs based on the premise that no one is driving. In particular, there is an increasing need for optimal control of airbags and seatbelts as a set, and customers have increasingly high expectations for proposals for both airbag and seatbelt products as a single system, and it has been decided that collision safety evaluations will be expanded to commercial vehicles from fiscal year 2028 (National Agency for Automobile and Land Transport Technology, “Partial Amendment to the Rules and Regulations for Inspections (35th Amendment)” (March 29, 2021)). In order to address these new demands and regulatory requirements, the Tender Offeror believes it is necessary to develop airbag and seatbelt sets in a shorter amount of time. Under the current framework of the capital and business alliance, although the Tender Offeror recognizes that results are steadily being achieved, the development strategies of the two companies are not entirely unified, and the Tender Offeror believes that there are aspects in regard to which the two companies are not fully able to sufficiently and rapidly respond to market demands. Amid these circumstances, under the current relationship with the Target Company in which it is an equity-method affiliate of the Tender Offeror, a certain amount of time is necessary when coordinating matters such as important strategic decisions, and the Tender Offeror believes that by making the Target Company a wholly owned subsidiary to achieve more unified collaboration, it will be possible to increase the speed of decision making and respond in a more timely manner to customer demands and market changes. In addition, in relation to the pipeline automatic lining system (PALTEM) business (Note 5) in particular within the Target Company’s functional components business, society’s interest in pipeline restoration projects has grown in

recent years, as has the significance of such projects. According to a survey by the Ministry of Land, Infrastructure, Transport and Tourism (Ministry of Land, Infrastructure, Transport and Tourism, “Maintenance of Sewerage Systems,” website address:

https://www.mlit.go.jp/mizukokudo/sewerage/crd_sewerage_tk_000135.html), the total length of sewer pipes in Japan as of the end of fiscal year 2023 was approximately 500,000 km (excluding urban rain drainage pipes). The length of pipes that have exceeded the standard lifespan of 50 years has already reached approximately 40,000 km (approximately 7% of total pipe length), and it is expected to increase rapidly in the future, reaching approximately 100,000 km (approximately 20% of total pipe length) in ten years (the end of fiscal year 2033) and approximately 210,000 km (approximately 42% of total pipe length) in twenty years (the end of fiscal year 2043). Given this increase in needs, the Tender Offeror recognizes that in attempting to resolve this social issue, the Target Company’s pipeline restoration projects have an opportunity to further contribute to society and expand business. The Tender Offeror also views the Target Company’s functional components business, which includes the PALTEM business, as a business that provides both social value and economic value in the form of peace of mind, safety, and comfort, which is a goal that the Tender Offeror seeks to achieve under its medium- and long-term business plan, and by making the Target Company a wholly owned subsidiary, the Tender Offeror believes that it can support further resolutions to social problems and business growth by providing the Target Company with its management resources and its quality control methods, production technologies, know-how, and other resources that it has developed over many years in the automotive parts industry.

Note 5: “PALTEM” is an abbreviation for pipeline automatic lining system, a “non-excavation method” for repairing buried underground pipelines for gas, water, sewers, agricultural water, communications and electric power without excavating them. Since 1980, the Target Company’s PALTEM business has successfully developed the hose lining method, one of PALTEM’s main methods, as a purely domestic technology (a method in which a watertight and airtight sealing hose made of fiber and synthetic resin is pneumatically reversed and inserted into the inner surface of an existing pipe culvert to form a new pipe on the inner surface).

Under these circumstances, while the Target Company has an opportunity to achieve extremely large growth in both of its businesses, in March 2025, the Tender Offeror came to recognize that in order to seize that opportunity more flexibly and quickly, it is necessary to promote a more integrated and flexible information exchange and swift decision-making with the Target Company in order to generate synergies such as those described in (i) and (ii) below, however, given the current investment ratio, and that the Target Company is a listed company and must operate its business with due consideration of the interests of minority shareholders, and furthermore, considering that not all interests are aligned and that costs and operational burdens associated with maintaining a listed status have been increasing in recent years, it would be effective for the Target Company to strengthen and improve its systems and secure further resources by becoming a wholly owned subsidiary of the Tender Offeror.

The specific synergies that the Tender Offeror anticipates through the Transactions are as follows.

(i) Maximizing effects of integration in safety systems business

(i-a) Accelerating decision making and unifying development strategies

In the Tender Offeror's 2030 Business Plan, it has established a basic policy of pursuing the potential of polymers, aiming to become a company that connects better mobility and lifestyles to the future, and is committed to providing value in the areas of "safety and security," "comfort," and "decarbonization," and to balancing social and economic value. The Tender Offeror has positioned its safety systems business as a growth area, with the aim of evolving into a comprehensive supplier of safety systems, as the core of the value it provides in terms of "safety and security." Under the current relationship with the Target Company in which it is an equity-method affiliate of the Tender Offeror, a certain amount of time is necessary when coordinating matters such as important strategic decisions, and the Tender Offeror believes that by making the Target Company a wholly owned subsidiary to achieve more unified collaboration, it will be possible to increase the speed of decision making and respond in a more timely manner to customer demands and market changes

Specifically, the Tender Offeror wishes to further accelerate the speed of airbag development, fully unify development strategies for seatbelts, and promptly implement a comprehensive approach to safety systems under development goals shared by both companies. By doing so, the Tender Offeror believes it will be able to provide products with higher added value for customers and to satisfy higher customer expectations.

(i-b) Optimizing management resources

The Tender Offeror intends to optimize management resources by both companies efficiently utilizing each other's development personnel and production facilities. By combining the Target Company's knowledge of seatbelt technologies and the Tender Offeror's knowledge of airbag technologies, the Tender Offeror believes that it will be possible to develop innovative safety systems that were previously difficult to achieve, and that by doing so, it will be able to respond quickly and effectively to rapidly increasing safety system development demands and to achieve system development in short timeframes, particularly in preparation for the important junction of fiscal year 2028, when collision safety evaluations will be expanded to commercial vehicles.

Furthermore, as automotive safety technologies are becoming increasingly advanced and are required to link with self-driving technologies, the Tender Offeror believes that by strengthening collaboration between the development framework of each company, it will be able to accelerate its efforts to create next-generation safety technologies, such as joint controls for airbags and seatbelts and predictive safety systems that use CAE (Computer Aided Engineering) technology to predict, reproduce and analyze human behavior, injuries and related physical phenomena on a computer when a traffic accident occurs.

(ii) Supporting further growth of functional components business

(ii-a) Increasing economic value

After the Transactions, the Tender Offeror intends to position the Target Company's functional components business as an important pillar of the new businesses of the

Tender Offeror Group that provides both social value and economic value in the form of peace of mind, safety, and comfort, and the Tender Offeror wishes to aid in the Target Company's business growth by providing comprehensive support in improving production efficiency and in regard to management resources.

Specifically, the Tender Offeror, which traces its pedigree to the Toyota group, itself rooted in fiber looms, believes that the underlying technologies, intellectual property, and other assets related to manufacturing and new business development that it has cultivated can be leveraged in the Target Company's functional components business, centered around its PALTEM business. In addition, by applying the quality control methods, production technologies, and know-how that it has developed over many years in the automotive parts industry, and by providing support with the aim of strengthening the existing quality control methods, production technology, and know-how in the Target Company's functional components business domain, the Tender Offeror believes that it can contribute to further stabilizing production quality and increasing cost competitiveness in the Target Company's functional components business.

(ii-b) Further enhancing social value

The Tender Offeror recognizes that the Target Company has excellent fundamental technologies such as development capabilities and know-how that have been cultivated over its long history, and believes that by combining these with the management resources of the Tender Offeror, such as human and financial resources, it will be possible to fulfill a significant role in resolving the deterioration of basic utilities and services necessary for everyday life, a social issue which the Tender Offeror regards as important, enacting measures to prevent disasters in Japan, which the Tender Offeror recognizes as having many natural disasters, and maintaining various industrial infrastructures such as those for distribution. Through these activities, the Tender Offeror believes it will be able to further contribute to achieving a society of peace of mind, safety, and comfort together with the Target Company and further enhance the social value provided by the Tender Offeror Group.

The Tender Offeror recognizes that one of the general disadvantages of taking the shares of the Target Company private is that it will no longer be able to raise funds through equity financing from capital markets, and that it may lose the advantages it has enjoyed as a listed company in terms of name recognition, social credibility, and recruitment of human resources and in addition to taking the shares private, the Tender Offeror is aware of the disadvantages associated with the loss of capital ties with existing shareholders and inclusion in the Tender Offeror Group, including the potential adverse effects on stakeholders such as employees, business partners, and members of the PALTEM Association (cooperative companies). However, the Tender Offeror believes that after the Transactions are implemented the Target Company can expect to be able to secure necessary financing by utilizing the Tender Offeror Group's financial strength and benefit from the name recognition and creditworthiness as a group company of the Tender Offeror, which is a listed company. Additionally, the Tender Offeror recognizes that the Target Company has already established a substantial business foundation through the conduct of its business activities to date, including certain brand power, name recognition (especially the high-performance products business), and creditworthiness, and even after the shares

of the Target Company are taken private, the Tender Offeror will prioritize leveraging the current management structure to enhance the social value of each existing business, as well as maintaining the company name, brand, employment, and compensation conditions as a basic policy, and by jointly explaining to stakeholders the plans after the Transactions with the Target Company, the Tender Offeror believes that it can not only prevent adverse effects on stakeholders but also contribute to further improvements in corporate image and brand strength in the medium to long term. Therefore, based on these factors, the Tender Offer believes that the disadvantages of taking the shares of the Target Company private through the Transactions, loss of capital relationship with existing shareholders and inclusion in the Tender Offeror Group are limited.

Based on the above awareness and beliefs, the Tender Offeror began seriously considering the Transactions, and on March 3, 2025, it made a non-legally binding initial proposal regarding the Transactions to the Target Company, stating the purpose of the Transactions, a proposed schedule, and requests to the Target Company aimed at earnest consideration of the Transactions by the two companies, requesting it to specifically consider the Transactions. Subsequently, on April 21, 2025, the Tender Offeror appointed Houlihan Lokey Co., Ltd. (“**Houlihan Lokey**”) as its financial advisor and third-party appraiser and on March 13, 2025, Mori Hamada & Matsumoto Foreign Law Joint Enterprise (“**Mori Hamada**”) as its legal advisor, each independent from the Tender Offeror and the Target Company, and established a system for considering the Transactions. Following that, from April 23, 2025 to June 12, 2025, the Tender Offeror conducted due diligence to carefully examine the feasibility of the Transactions, and taking into account the results of due diligence and other matters, on June 27, 2025, the Tender Offeror submitted a formal proposal (the “**June 27th Proposal**”) to the Target Company regarding the Transactions, which included a proposal regarding the purchase price per Target Company Share in the Tender Offer (the “**Tender Offer Price**”), on the assumption of no distribution of an interim dividend or year-end dividend for the fiscal year ending March 31, 2026. Thereafter, the Tender Offeror has engaged in repeated discussions and negotiations regarding the terms of the Transactions, including the Tender Offer Price.

Specifically, on June 13, 2025, the Tender Offeror received written questions from the Target Company and the Special Committee (as defined in “(i) Background to the establishment of the examination framework” in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” below) regarding the significance and purpose of the Transactions, and on June 27, 2025, the Tender Offeror responded to those questions in writing, including responses regarding the significance and purpose of the Transactions and the benefits to be enjoyed by the stakeholders of the Target Company Group through the Transactions, the management policy after the Transactions and the assumed structure of the Transactions. In addition, at the 11th meeting of the Special Committee held on July 9, 2025, the Tender Offeror provided explanations to the Target Company and the Special Committee regarding its responses to the above questions and the significance and purpose of the Transactions, following which the Tender Offeror answered further questions about those matters and exchanged opinions with the Target Company and the Special Committee regarding the significance and purpose of the Transactions, the synergies expected to be created through the Transactions, and the management structure and business policies after the Transactions. In addition, on July 16, 2025, the Tender Offeror had

a meeting with the Target Company and the Special Committee (the “**July 16, 2025 Meeting**”) and provided additional explanations regarding the synergies expected to be created through the Transactions, and the management structure and business policies after the Transactions. On July 25, 2025, the Target Company disclosed to the Tender Offeror that it expects to incur an extraordinary loss of approximately 527 million yen for product warranty losses on a consolidated basis for the first quarter ended June 30, 2025, which is still currently being aggregated and investigated, in its automotive safety system business, as estimated costs associated with the Target Company’s customers extending the warranty period last year for products manufactured by the Target Company in the past, and the extension of such warranty by the Target Company’s customers (service campaign). Since then, the Tender Offeror had confirmed with the Target Company the details of the extraordinary loss and the circumstances of its occurrence, and on August 5, 2025, the Tender Offeror held an interview with the Target Company and received further explanations regarding these matters. The Tender Offeror confirmed that no events other than the extraordinary loss have occurred that would affect the Target Company Group’s consolidated earnings forecast stated in the “Summary of Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)”, released by the Target Company on May 13, 2025, and that there are no changes to the Business Plan (as defined in “(ii) Outline of calculation” in “(B) Procurement by the Target Company of a share valuation report from an independent third-party appraiser” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below).

In addition, in the June 27th Proposal, the Tender Offeror made a proposal to the Target Company (i) to set the Tender Offer Price at 3,700 yen (which includes a premium of 25.68% (rounded to two decimal places; the same applies below in regard to the calculation of premium rates) on 2,944 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on June 26, 2025, the business day preceding the date of the proposal, a premium of 35.18% on 2,737 yen (rounded to the nearest whole yen; the same applies below in regard to the calculation of simple average closing prices), the simple average closing price for the one-month period ending on that date, a premium of 37.14% on 2,698 yen, the simple average closing price for the three-month period ending on that date, and a premium of 32.95% on 2,783 yen, the simple average closing price for the six-month period ending on that date) and (ii) to set the purchase price per Share Acquisition Right for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights (the “**Share Acquisition Right Tender Offer Price**”) at the price calculated by multiplying (a) the difference between the Tender Offer Price of 3,700 yen and the exercise price per Target Company Share of each Share Acquisition Right by (b) the number of Target Company Shares to be acquired upon the exercise of each Share Acquisition Right. In response, on July 3, 2025, the Tender Offeror was requested by the Special Committee (as defined in “(i) Background to the establishment of the examination framework” in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” below) to reconsider the Tender Offer Price and the Share Acquisition Right Tender Offer Price as they were insufficient from the perspectives of protecting the Target Company’s minority shareholders and fulfilling the Special Committee’s duty of accountability as a special committee of the Target Company. Taking that request into account, on July 7, 2025, the Tender Offeror made another proposal to the Target

Company and the Special Committee (i) to set the Tender Offer Price at 3,800 yen (which includes a premium of 35.04% on 2,814 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on July 4, 2025, the business day preceding the date of the proposal, a premium of 33.66% on 2,843 yen, the simple average closing price for the one-month period ending on that date, a premium of 40.74% on 2,700 yen, the simple average closing price for the three-month period ending on that date, and a premium of 36.20% on 2,790 yen, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Right Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of 3,800 yen and the exercise price per Target Company Share of each Share Acquisition Right by (b) the number of Target Company Shares to be acquired upon the exercise of each Share Acquisition Right. In response, on July 11, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Right Tender Offer Price as they were insufficient from the perspectives of protecting the Target Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Target Company. In response to that request, on July 15, 2025, the Tender Offeror made another proposal to the Target Company and the Special Committee (i) to set the Tender Offer Price at 3,900 yen (which includes a premium of 37.96% on 2,827 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on July 14, 2025, the business day preceding the date of the proposal, a premium of 35.65% on 2,875 yen, the simple average closing price for the one-month period ending on that date, a premium of 43.68% on 2,720 yen, the simple average closing price for the three-month period ending on that date, and a premium of 39.44% on 2,797 yen, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Right Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of 3,900 yen and the exercise price per Target Company Share of each Share Acquisition Right by (b) the number of Target Company Shares to be acquired upon the exercise of each Share Acquisition Right. In response, on July 18, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Right Tender Offer Price as they were still insufficient from the perspectives of protecting the Target Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Target Company. Taking that request into account, on July 22, 2025, the Tender Offeror submitted a written response to the Target Company and the Special Committee stating that while the Tender Offeror would consider revising the terms of the prices in good faith, the Tender Offeror was not able to present a new tender offer price at present and desired to confirm more specific background details and reasons for the decision relating to the response dated July 18, 2025 in order for the Tender Offeror to further examine raising the proposed price for the Tender Offer. In response, on July 23, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Right Tender Offer Price fully taking into account the synergies expected to be created upon the successful completion of the Transactions and the growth potential of the PALTEM business. Taking that request into account, on July 25, 2025, the Tender Offeror made another proposal to

the Target Company and the Special Committee (i) to set the Tender Offer Price at 4,000 yen (which includes a premium of 38.60% on 2,886 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on July 24, 2025, the business day preceding the date of the proposal, a premium of 40.52% on 2,852 yen, the simple average closing price for the one-month period ending on that date, a premium of 45.72% on 2,745 yen, the simple average closing price for the three-month period ending on that date, and a premium of 45.72% on 2,745 yen, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Right Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of 4,000 yen and the exercise price per Target Company Share of each Share Acquisition Right by (b) the number of Target Company Shares to be acquired upon the exercise of each Share Acquisition Right. In response, on July 30, 2025, the Tender Offeror was requested by the Special Committee to consider setting the Tender Offer Price and the Share Acquisition Right Tender Offer Price at 4,140 yen or more per share, as they were not necessarily sufficient, even though they could be evaluated to a certain degree from the perspectives of protecting the Target Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Target Company. In response to that request, on August 5, 2025, the Tender Offeror submitted a written response to the Target Company and the Special Committee making a final proposal (i) to set the Tender Offer Price at 4,140 yen (which includes a premium of 46.39% on 2,828 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on August 4, 2025, the business day preceding the date of the proposal, a premium of 46.34% on 2,829 yen, the simple average closing price for the one-month period ending on that date, a premium of 49.78% on 2,764 yen, the simple average closing price for the three-month period ending on that date, and a premium of 47.44% on 2,808 yen, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Right Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of 4,140 yen and the exercise price per Target Company Share of each Share Acquisition Right by (b) the number of Target Company Shares to be acquired upon the exercise of each Share Acquisition Right. In response, on August 6, 2025, the Tender Offeror received a response from the Special Committee stating that, although a formal decision by the Target Company would require approval at the Target Company's board of directors meeting scheduled to be held on August 8, 2025, the Special Committee plans to express an opinion in support of the Tender Offer at the Tender Offer Price of 4,140 yen proposed by the Tender Offeror, and recommend that the Shareholders and Share Acquisition Rights Holders of the Target Company tender their share certificates, etc. in the Tender Offer.

As a result of the above consideration, discussions and negotiations, the Tender Offeror and the Target Company agreed (i) to set the Tender Offer Price at 4,140 yen and (ii) to set the Share Acquisition Right Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights and Series 4 Share Acquisition Rights at the price of 41,390 yen, which is calculated by multiplying (a) the difference between the Tender Offer Price of 4,140 yen and the exercise price per Target Company Share of each Share Acquisition Right

by (b) the number of Target Company Shares to be acquired upon the exercise of each Share Acquisition Right. Accordingly, the Tender Offeror resolved at its board of directors meeting held today to conduct the Tender Offer as part of the Transactions.

(B) Process of and reasons for the decision by the Target Company to support the Tender Offer

(i) Background to the establishment of the examination framework

According to the Target Company's Press Release, the Target Company received an initial, non-binding proposal regarding the Transactions from the Tender Offeror on March 3, 2025. In response, on March 28, 2025, the Target Company appointed Daiwa Securities Co. Ltd. ("Daiwa Securities") as its financial advisor and third-party appraiser, and on April 1, 2025, it appointed City-Yuwa Partners as its legal advisor, each independent from the Tender Offeror and the Target Company Group, and those appointments were ratified by a resolution of the board of directors of the Target Company at its meeting held on April 23, 2025. To ensure the fairness of the Transactions, the Target Company began establishing a framework for the examination, negotiations, and decision-making regarding the Transactions from a standpoint that is independent from the Tender Offeror based on advice from City-Yuwa Partners with a view to enhancing the corporate value of the Target Company and securing the interests of the Target Company's general shareholders. Specifically, as described in "(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Target Company began preparing for the establishment of a special committee and, by a resolution of its board of directors at a meeting held on April 23, 2025, established a special committee (the "**Special Committee**") consisting of Mr. Haruo Shimizu (Outside Director, Independent Officer), Mr. Kazuyoshi Furukawa (Outside Director, Independent Officer), and Mr. Mitsuhiro Morikawa (Outside Statutory Auditor, Independent Officer). (For the background and details of the deliberations and conclusions of the Special Committee, please see "(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below). The Target Company consulted with the Special Committee on the following matters (collectively, the "Consulted Matters"): (i) the validity and reasonableness of the purpose of the Transactions (including whether the Transactions would contribute to the enhancement of the Target Company's corporate value); (ii) the fairness and appropriateness of the terms of the Transactions; (iii) the fairness of the procedures related to the Transactions; (iv) the appropriateness of the board of directors of the Target Company expressing an opinion in support of the Tender Offer and recommending that the Target Company's shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer; and (v) whether the Transactions are fair to the general shareholders of the Target Company. The Target Company also commissioned the Special Committee to submit a report to the board of directors regarding those matters (the

“Report”). In addition, in establishing the Special Committee, the board of directors of the Target Company resolved that (i) the decisions of the board of directors of the Target Company will be made with maximum respect for the judgment of the Special Committee and (ii) if the Special Committee submits a report stating that the board of directors should not support the Tender Offer or should not recommend that the shareholders of the Target Company and the Share Acquisition Rights Holders tender their shares or share acquisition rights, the board of directors of the Target Company will not express an opinion in support of the Transactions or recommend that the shareholders of the Target Company and the Share Acquisition Rights Holders tender their shares or share acquisition rights. At the same time, the board of directors granted the Special Committee the following authority: (i) the authority to be substantively involved in the negotiation process regarding the Tender Offer Price and other terms and conditions of the Transactions by confirming policies in advance, receiving timely reports on the status of negotiations, expressing opinions, and issuing instructions or requests at key stages of the negotiations, and to directly engage in negotiations when necessary; (ii) the authority to approve (including after-the-fact approval) the financial advisor and legal advisor of the Target Company; (iii) the authority to appoint its own advisors when necessary (provided, however, that if the Special Committee determines that the advisors of the Target Company have a high level of expertise and independence, and that the Special Committee can rely on them for professional advice or explanations, the Special Committee may request that professional advice or explanations from the Target Company’s advisors, and the reasonable costs of that professional advice provided by the advisors to the Special Committee will be borne by the Target Company); and (iv) the authority to receive from the officers and employees of the Target Company and any other persons the Special Committee considers necessary any information required for the examination and evaluation of the Transactions. (For details on the method of the resolutions of the board of directors, see “(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below).

In addition, as described in “(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, at the first meeting of the Special Committee held on April 25, 2025, the Special Committee confirmed that there were no issues with respect to the independence from the Tender Offeror and the Target Company Group or the expertise and track record of Daiwa Securities, the Target Company’s financial advisor and third-party appraiser, and City-Yuwa Partners, the Target Company’s legal advisor, and it approved their appointments.

Furthermore, as stated in “(E) Establishment of an Independent Examination Framework at the Target Company” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, at the first meeting of the Special Committee held on April 25, 2025, the Target Company established an internal framework to examine, negotiate, and make decisions regarding the Transactions from an

independent standpoint (including the scope of the Target Company's officers and employees involved in the examination, negotiation, and decisions regarding the Transactions (the specific scope is as described in "(E) Establishment of an Independent Examination Framework at the Target Company" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below) and their respective roles). The Target Company also obtained the approval of the Special Committee confirming that there were no issues with the independence or fairness of that framework.

(ii) Background of examinations and negotiations

Based on the above, the Target Company received from Daiwa Securities a report on the valuation results of the Target Company Shares and advice on the negotiation policy with the Tender Offeror and other financial matters, and received advice from City-Yuwa Partners regarding measures to ensure procedural fairness in the Transactions and other legal matters. Taking that advice into account, and giving maximum deference to the opinion of the Special Committee, the Target Company carefully discussed and considered whether to proceed with the Transactions and whether the terms of the Transactions were appropriate.

In addition, since receiving the initial proposal regarding the Transactions from the Tender Offeror on March 3, 2025, the Target Company has continued to engage in discussions and negotiations with the Tender Offeror regarding the terms of the Transactions including the Tender Offer Price.

Specifically, based on the receipt of the initial proposal regarding the Transactions on March 3, 2025, the Target Company and the Special Committee proceeded with internal discussions and deliberations, and on June 13, 2025, submitted a written inquiry to the Tender Offeror regarding the significance and purpose of the Transactions. In response, the Tender Offeror provided a written reply to that inquiry on June 27, 2025. At the 11th Meeting of the Special Committee held on July 9, 2025, the Target Company received from the Tender Offeror responses to that inquiry and an explanation regarding the significance and purpose of the Transactions. A question-and-answer session was conducted on those matters, followed by an exchange of views on the significance and purpose of the Transactions, the synergies that are expected to be created through the Transactions, and the management structure and business policies following the Transactions. In addition, during a meeting held on July 16, 2025, the Target Company and the Special Committee received additional explanations from the Tender Offeror regarding its views on the Transactions, including the synergies expected to be generated through the Transactions and the management structure and business policies of the Target Company following the Transactions. On July 25, 2025, the Target Company disclosed to the Tender Offeror that, in the first quarter of the fiscal year ending March 31, 2026, although the Target Company is still compiling and examining the details, in the automotive safety system business, the Target Company's customers had extended the warranty period in the previous year for products manufactured by the Target Company in the past, the Target Company it expects to record an extraordinary loss of 527 million yen in the first quarter of the current fiscal year as an estimated cost associated with the extension of the warranty period (service campaign). Since then, the Target Company had been

confirming with the Tender Offeror the details of that extraordinary loss and the circumstances of its occurrence, and on August 5, 2025, the Target Company explained to the Tender Offeror that no circumstances had arisen that would have an impact on the consolidated results of the Target Company Group in the fiscal year ending March 31, 2026 described in the consolidated earnings report for the fiscal year ending March 31, 2025 released by the Target Company on May 13, 2025, with the exception of the extraordinary loss, and that there is no change to the Business Plan (defined in “(ii) Outline of calculation” in “(B) Procurement by the Target Company of a share valuation report from an independent third-party appraiser” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below).

Since June 27, 2025, the Target Company has had multiple rounds of negotiations with the Tender Offeror regarding the Tender Offer Price. Specifically, in light of the results of the valuation of the Target Company Shares conducted by Houlihan Lokey, the financial advisor, using information obtained through the due diligence conducted by the Tender Offeror on the Target Company and the business plan provided by the Target Company, the Target Company and the Special Committee comprehensively considered factors such as the Target Company’s business and business conditions, recent market price trends of the Target Company Shares, and the anticipated number of shares to be tendered in the Tender Offer. As a result, on June 27, 2025, the Tender Offeror proposed a Tender Offer Price of 3,700 yen (representing a premium of 25.68% over the closing price of the Target Company Shares on the Standard Market of the TSE as of the previous business day (2,944 yen), a premium of 35.18% over the simple average closing price for the one-month period up to that date (2,737 yen), a premium of 37.14% over the simple average closing price for the three-month period up to that date (2,698 yen), and a premium of 32.95% over the simple average closing price for the six-month period up to that date (2,783 yen)). The proposal also included the Share Acquisition Rights Tender Offer Price calculated by multiplying the difference between the Tender Offer Price and the exercise price per Target Company Share under each Share Acquisition Right by the number of Target Company Shares subject to that Share Acquisition Right. In response, on July 3, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are consummated, the preliminary valuation results of the Target Company Shares by the third-party appraiser engaged by the Target Company, the premium levels in recent similar cases, and the price-to-book ratio (PBR) of the Target Company, the Special Committee requested that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price be reconsidered on the grounds that they were not sufficient from the standpoint of protecting the minority shareholders of the Target Company and fulfilling the Special Committee’s accountability. Following that, on July 7, 2025, the Target Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at 3,800 yen (representing a premium of 35.04% over the closing price of the Target Company Shares on the Standard Market of the TSE on July 4, 2025, the business day immediately preceding the proposal date (2,814 yen); a premium of 33.66% over the simple average closing price for the one-month period up to that date (2,843 yen); a premium of 40.74% over the simple average closing price for the three-month period up to that date (2,700 yen); and a premium of

36.20% over the simple average closing price for the six-month period up to that date (2,790 yen)). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the First Series Share Acquisition Rights, the Second Series Share Acquisition Rights, the Third Series Share Acquisition Rights, and the Fourth Series Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of 3,800 yen and the exercise price per Target Company Share under each Share Acquisition Right by the number of Target Company Shares subject to one Share Acquisition Right. In response, on July 11, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are consummated, the preliminary valuation results of the Target Company Shares by the third-party appraiser engaged by the Target Company, the premium levels in recent similar cases, and the price-to-book ratio (PBR) of the Target Company, the Special Committee requested that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price be reconsidered on the grounds that they were still not sufficient from the standpoint of protecting the minority shareholders of the Target Company and fulfilling the Special Committee's accountability. Following that, on July 15, 2025, the Target Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at 3,900 yen (representing a premium of 37.96% over the closing price of the Target Company Shares on the Standard Market of the TSE on July 14, 2025, the business day immediately preceding the proposal date (2,827 yen); a premium of 35.65% over the simple average closing price for the one-month period up to that date (2,875 yen); a premium of 43.38% over the simple average closing price for the three-month period up to that date (2,720 yen); and a premium of 39.44% over the simple average closing price for the six-month period up to that date (2,797 yen)). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the First Series Share Acquisition Rights, the Second Series Share Acquisition Rights, the Third Series Share Acquisition Rights, and the Fourth Series Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of 3,900 yen and the exercise price per Target Company Share under each Share Acquisition Right by the number of Target Company Shares subject to one Share Acquisition Right. In response, on July 18, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are consummated, the preliminary valuation results of the Target Company Shares by the third-party appraiser engaged by the Target Company, the premium levels in recent similar cases, and the price-to-book ratio (PBR) of the Target Company, the Special Committee requested that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price be reconsidered on the grounds that they were still not sufficient from the standpoint of protecting the minority shareholders of the Target Company and fulfilling the accountability of the Special Committee of the Target Company. Following that, on July 22, 2025, the Target Company and the Special Committee received a response from the Tender Offeror stating that, at that time, it was not in a position to propose a new Tender Offer Price, and that in order to consider a further increase in the Tender Offer Price, an explanation of the specific background and rationale for the request for reconsideration by the Target Company and the Special Committee would be necessary. In response, on July 23, 2025, after careful consideration based on factors such as the synergies arising from the current capital

relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are consummated, the preliminary valuation results of the Target Company Shares by the third-party appraiser engaged by the Target Company, the premium levels in recent similar cases, and the price-to-book ratio (PBR) of the Target Company, the Special Committee reiterated its view to the Tender Offeror that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price were still not sufficient from the standpoint of protecting the minority shareholders of the Target Company and fulfilling the accountability of the Special Committee of the Target Company. The Special Committee further explained that, in particular, based on the explanations received from the Tender Offeror to date, it evaluated the expected synergies in the automotive safety systems business as reasonably significant if the Transactions are consummated; that it believed the ideas presented by the Tender Offeror during the July 16, 2025 meeting for supporting the high performance products business could generate positive effects; and that it believed the PALTEM business within the high performance products segment has considerable growth potential. For these reasons, the Special Committee requested that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price be reconsidered, fully taking into account the synergies expected to result from the Transactions and the growth potential of the PALTEM business. Following that, on July 25, 2025, the Target Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at 4,000 yen (representing a premium of 38.60% over the closing price of the Target Company Shares on the Standard Market of the TSE on July 24, 2025, the business day immediately preceding the proposal date (2,886 yen); a premium of 40.52% over the simple average closing price for the one-month period up to that date (2,852 yen); a premium of 45.72% over the simple average closing price for the three-month period up to that date (2,745 yen); and a premium of 45.72% over the simple average closing price for the six-month period up to that date (2,745 yen)). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the First Series Share Acquisition Rights, the Second Series Share Acquisition Rights, the Third Series Share Acquisition Rights, and the Fourth Series Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of 4,000 yen and the exercise price per Target Company Share under each Share Acquisition Right by the number of Target Company Shares subject to one Share Acquisition Right. In response, on July 30, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are consummated, the preliminary valuation results of the Target Company Shares by the third-party appraiser engaged by the Target Company, the premium levels in recent similar cases, and the price-to-book ratio (PBR) of the Target Company, the Special Committee explained that, while the Tender Offer Price and the Share Acquisition Rights Tender Offer Price were worthy of a certain level of evaluation from the standpoint of protecting the minority shareholders of the Target Company and fulfilling the accountability of the Special Committee of the Target Company, they were not necessarily sufficient. The Special Committee conveyed to the Tender Offeror that, if the Tender Offer Price were increased to 4,140 yen or more, and absent any material changes in the market environment or other conditions underlying its review, it would be in a position to recommend to the board of directors of the Target Company that it express an opinion in support of the Tender Offer and recommend that the shareholders and Share Acquisition Rights Holders of the Target Company

tender their shares and Share Acquisition Rights in the Tender Offer. The Special Committee accordingly requested a reconsideration of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price. Following that, on August 5, 2025, the Target Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at 4,140 yen (representing a premium of 46.39% over the closing price of the Target Company Shares on the Standard Market of the TSE on August 5, 2025, the business day immediately preceding the proposal date (2,828 yen); a premium of 46.34% over the simple average closing price for the one-month period up to that date (2,829 yen); a premium of 49.78% over the simple average closing price for the three-month period up to that date (2,764 yen); and a premium of 47.44% over the simple average closing price for the six-month period up to that date (2,808 yen)). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the First Series Share Acquisition Rights, the Second Series Share Acquisition Rights, the Third Series Share Acquisition Rights, and the Fourth Series Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of 4,140 yen and the exercise price per Target Company Share under each Share Acquisition Right by the number of Target Company Shares subject to one Share Acquisition Right. In response, on August 6, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are consummated, the preliminary valuation results of the Target Company Shares by the third-party appraiser engaged by the Target Company, the premium levels in recent similar cases, and the price-to-book ratio (PBR) of the Target Company, the Special Committee responded to the effect that it intended to express an opinion in support of the Transactions or recommend that the shareholders of the Target Company and the Share Acquisition Rights Holders tender their shares or share acquisition rights at the Tender Offer Price and the Share Acquisition Rights Tender Offer Price.

(iii) Content of decision

Under the above circumstances, at the meeting of the board of directors of the Target Company held today, the Target Company considered the legal advice received from City-Yuwa Partners, the financial advice received from Daiwa Securities, and the share valuation report concerning the Target Company Shares submitted by Daiwa Securities dated August 7, 2025 (the “**Target Company Share Valuation Report**”). The Target Company did not obtain a valuation report from a third-party appraiser regarding the Share Acquisition Rights Tender Offer Price, as that price is calculated by multiplying the difference between the Tender Offer Price and the exercise price per Target Company Share under each Share Acquisition Right by the number of Target Company Shares subject to each such Share Acquisition Right, and is therefore determined based on the Tender Offer Price. Taking the contents of the Target Company Share Valuation Report into account and giving maximum respect to the judgment of the Special Committee as set forth in the Report, the Target Company carefully discussed and considered whether the Transactions, including the Tender Offer, will contribute to the enhancement of the Target Company’s corporate value and whether the terms of the Transactions, including the Tender Offer Price and the Share Acquisition Rights Tender Offer Price, are appropriate.

As a result, as described below, the Target Company concluded that making the Target

Company a wholly owned subsidiary through the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the corporate value of the Target Company.

- (a) Higher added value of safety systems in the automotive safety system business, rapid response to customer requirements and market changes, productivity improvements, sales growth, and the like

The Target Company has achieved certain results in airbag order activities since entering into a capital and business alliance with the Tender Offeror in May 2021, including adding value to its safety systems, responding more quickly to customer demands and market changes, improving productivity, and expanding sales in its automotive safety systems business. However, the current market environment surrounding automotive safety components is said to be undergoing significant changes in the overall automotive market, including growing customer expectations for integrated proposals combining airbags and seatbelts. Under these circumstances, the Target Company believes that, in order to respond to emerging demand and regulatory requirements and to enhance its presence amid increasingly intense global competition, the Transactions will enable it to achieve more integrated collaboration with the Tender Offeror by becoming its wholly owned subsidiary. In addition, the Target Company believes that strengthening its collaboration with the Tender Offeror will accelerate decision-making, thereby enabling it to respond more swiftly than ever to customer demands and market changes and to provide customers with higher value-added products.

In addition to the ongoing efforts under the current collaborative relationship with the Tender Offeror to further improve the Target Company's production efficiency through the Toyota Production System (a system of production with the objective of pursuing production efficiency), the Target Company expects that, particularly with respect to overseas sites, where there is significant geographical overlap between the Target Company and the Tender Offeror, future synergies will be generated through the mutual use of each other's facilities.

- (b) Accelerated growth leveraging the Tender Offeror's resources in the high-performance products business

The Target Company expects a significant increase in demand over the medium to long term for the pipeline rehabilitation business, including its products and services, particularly in the PALTEM business within the high performance products business, due to the anticipated rapid growth in the length of pipelines exceeding the standard service life of 50 years. Under these circumstances, the Target Company believes that, in order to respond to the significant increase in demand and seize the substantial growth opportunities in that business, it will be necessary to allocate further resources to expand production facilities, develop high value-added products, increase the number of members in the PALTEM Systems Association (partner construction companies), and enhance its sales structure. Under these circumstances, the Target Company believes that, by becoming a wholly owned subsidiary of the Tender Offeror through the Transactions, it will be

able to utilize the Tender Offeror's ample resources such as its financial strength, creditworthiness, broad network, quality control methods, production technologies and know-how, and human resources, which will enable the Target Company to accelerate the growth of its high performance products business.

- (c) Accelerated growth of the Target Company's business by reallocating management resources in connection with going private

The Target Company believes that, in connection with going private through the Transactions, the Target Company will be able to eliminate the various financial costs associated with maintaining the listing and the extensive operational burdens required of a listed company, allowing it to allocate the management resources it had invested in maintaining the listing to its operational divisions, and this will in turn enable the Target Company to achieve further growth in its business.

While the Transactions will be conducted for the purpose of making the Target Company a wholly owned subsidiary of the Tender Offeror, making a listed company a wholly owned subsidiary of another company generally entails the following disadvantages: (i) the impact on availability of equity financing from the capital markets; (ii) concerns about the Target Company's ability to secure talented human resources due to the increased social credibility and name recognition it has enjoyed as a publicly traded company; and (iii) the potential impact on shareholders, employees, business partners, members of the PALTEM Association, and other stakeholders. However, the Special Committee believes that the impact of the disadvantages of making the Target Company a wholly owned subsidiary of the Tender Offeror will be limited, given the following considerations: with respect to (i), the Target Company does not expect to need to raise funds through equity financing from the capital market for the time being, and furthermore there would be no impact on financing because the Tender Offeror has maintained a sound financial base, and any required funds can be expected to be available with financial support from the financially strong Tender Offeror Group; with respect to (ii), the impact of delisting, including the impact on recruitment, will be limited by taking advantage of the Tender Offeror Group's social credibility and financing capabilities; and with respect to (iii), the Target Company has already secured a firm business foundation, including a certain level of brand power, name recognition, and credit, through its business activities to date, and having been informed that the Tender Offeror's basic policy is to emphasize the enhancement of the social value of existing businesses using the current management structure, and to maintain the Target Company's name, brand (especially the high-performance products business), and employment and compensation conditions after taking it private, the Target Company will be able to not only prevent adverse effects on stakeholders but also contribute to further enhancement of the Target Company's image and brand power in the medium to long term by working with the Tender Offeror to explain the post-transaction policy to stakeholders. Generally speaking, there is a possibility of disadvantages from the loss of capital relationship with existing shareholders and from being included in the Tender Offeror Group, but the Target Company has no transactions based on capital relationships with existing shareholders other than the Tender Offeror, and considering that the Transactions are with the Tender Offeror, which already owns 1,703,500 Target Company Shares (ownership

ratio: 28.26%) and constitutes an other affiliated company, it is assumed that these disadvantages will not specifically arise from the Transactions. In this light, the Target Company believes that the disadvantages of the Transactions are limited.

In addition, the Target Company has determined, based on the following points, that the Tender Offer Price, the Share Acquisition Rights Tender Offer Price, and the other terms and conditions of the Tender Offer are appropriate, and that the Tender Offer provides the shareholders and Share Acquisition Rights Holders of the Target Company with an opportunity to sell their Target Company Shares and Share Acquisition Rights at a price with a reasonable premium and on reasonable terms and conditions.

- (a) The Tender Offer Price exceeds the valuation results based on the market price method and the comparable company analysis method, and exceeds the median of the range of the valuation results based on the discounted cash flow method (the “**DCF Method**”), as set forth under “(ii) Outline of calculation” in “(B) Procurement by the Target Company of a share valuation report from an independent third-party appraiser” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below.
- (b) The Tender Offer Price of 4,140 yen per share represents a premium of 45.83% to the closing price of the Target Company Shares on the TSE Standard Market as of August 7, 2025, the business day preceding the announcement of the Tender Offer, of 2,839 yen, a premium of 46.19% to the simple average closing price of 2,832 yen over the preceding one-month period, a premium of 49.68% to the simple average closing price of 2,766 yen over the preceding three-month period, and a premium of 47.54% to the simple average closing price of 2,806 yen over the preceding six-month period. The Special Committee considers the level of premiums to be comparable to the premiums in recent similar transactions (292 going-private transactions announced between June 28, 2019, when the Ministry of Economy, Trade and Industry published its “Guidelines on Fair M&A Practices,” and July 14, 2025, in which the average premium to the closing price on the business day before the announcement was 47.69%, the average premium to the simple average closing price over the preceding one-month period was 49.71%, the average premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%).
- (c) In determining the Tender Offer Price, consideration was given to the interests of the general shareholders, including the implementation of measures to ensure the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and to avoid conflicts of interest, as described in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

- (d) The Tender Offer Price was determined through sincere and continuous discussions and negotiations between the Target Company and the Tender Offeror, following the implementation of the measures described above.
- (e) The Special Committee was substantively involved in the negotiation process regarding the terms of the Transactions by receiving timely reports from the Target Company on the status of negotiations and providing opinions, instructions, and requests regarding the negotiation policy of the Target Company. As described in “(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Report indicated that appropriate consideration was given to ensuring that general shareholders would benefit both from the value that could be realized without the Transactions and from a fair share of the value that could only be realized through the Transactions (that the increase in corporate value would be fairly distributed to general shareholders), and concluded that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price are reasonable. (For a summary of the Report, please refer to “(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below” below.)
- (f) The Special Committee believes that the Share Acquisition Rights Tender Offer Price is an appropriate price that secures the advantage that the ordinary shareholders of the Target Company should enjoy through the Transactions, given that it is the product of the difference between the Tender Offer Price and the exercise price per Target Company Share of each of the Share Acquisition Rights multiplied by the number of the underlying Target Company Shares, and that it was calculate based on the Tender Offer Price.
- (g) The Tender Offeror proposed the method of a two-step acquisition by way of a tender offer with cash consideration and a subsequent squeeze-out by way of the Demand for Share, Etc. Cash-Out or the Share Consolidation.

Based on the above, the Target Company resolved at the meeting of its board of directors held today to express its opinion in support of the Tender Offer and to recommend that the shareholders and Share Acquisition Rights Holders of the Target Company tender their shares and Share Acquisition Rights in the Tender Offer.

Further, for details of the method of the above-mentioned resolution of the board of directors of the Target Company, see “(F) Approval by All Disinterested Directors of the Target Company and Opinion of No Objection by All Disinterested Statutory Auditors” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(C) Management policy after the Tender Offer

By making the Target Company a wholly owned subsidiary of the Tender Offeror through the Transactions, the Tender Offeror intends to implement measures to realize the merits and synergies of the Transactions set out in “(A) Background, purpose, and decision-making process with respect to the Tender Offeror deciding to conduct the Tender Offer” above and bring about management that would further the enhancement of the Target Company’s corporate value. The management structure of the Target Company after the Transactions is anticipated to be maintained in its current form in principle by respecting the Target Company’s corporate philosophy and corporate culture. The Tender Offeror would like, based on that foundation, to explore with the Target Company ways to establish a more efficient structure for the Tender Offeror Group’s management from a corporate governance perspective, and, in addition, the Tender Offeror intends to make decisions in consultation with the Target Company if it becomes necessary to do so to realize the purpose and significance of the Transactions.

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

As of today, the Target Company is not a subsidiary of the Tender Offeror, and neither all nor any member of the management of the Target Company are expected to invest in the Target Company, either directly or indirectly. Therefore, the Transactions (including the Tender Offer) do not fall under an acquisition of a controlled company by a controlling shareholder, which is covered in the “Fair M&A Guidelines” released by the Ministry of Economy, Trade and Industry on June 28, 2019, or a management buy-out (MBO). Even so, the Tender Offeror and the Target Company intend to make all of the Target Company Shares private by acquiring all of the Target Company Shares (including all of the Target Company Shares delivered upon exercise of the Share Acquisition Rights, but excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) and all of the Share Acquisition Rights, and the Tender Offeror has made the Target Company an equity-method affiliate by holding 1,703,500 Target Company Shares (ownership ratio: 28.26%) (in this regard, because this Tender Offer falls under the category of “MBO, etc.” as set out in the Securities Listing Regulations of the Tokyo Stock Exchange, the Target Company are required to implement the procedures specified in the Code of Corporate Conduct of the Securities Listing Regulations, including obtaining opinions from a special committee) and employs officers and employees who concurrently hold positions as officers at the Target Company, so the Tender Offeror and the Target Company each have taken measures similar to those set out below in order to ensure the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and eliminate arbitrariness from, and avoid conflicts of interest in, the decision-making process leading to the decision to conduct the Tender Offer and therefore ensure the fairness of the Transactions, including the Tender Offer. Statements below regarding measures implemented by the Target Company are based on the Target Company’s Press Release and explanations received from the Target Company.

(A) Procurement by the Tender Offeror of a share valuation report from an independent third-party appraiser

In order to ensure the fairness of the Tender Offer Price in deciding the Tender Offer Price, the Tender Offeror requested its financial advisor, Houlihan Lokey, to calculate the value of the Target Company Shares as an independent third-party appraiser and obtained a share valuation report dated August 7, 2025 (the “**Tender Offeror’s Share Valuation Report**”).

Houlihan Lokey is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer.

In addition, since the measures in this section “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” have been taken and the Tender Offeror believes that the interests of the minority shareholders of the Target Company have been given adequate consideration, the Tender Offeror has not obtained a written opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Houlihan Lokey.

For a summary of the Tender Offeror’s Share Valuation Report, please refer to “(A) Basis of valuation” in “(5) Basis of Valuation of the Tender Offer Price, Etc.” in “2. Overview of the Tender Offer” below.

(B) Procurement by the Target Company of a share valuation report from an independent third-party appraiser

(i) Name of the appraiser and relationship with the Target Company and the Tender Offeror

When expressing its opinion with respect to the Tender Offer, the Target Company requested Daiwa Securities, its financial advisor and third-party appraiser independent from both the Tender Offeror and the Target Company Group, to calculate the share value of the Target Company, and on August 7, 2025, the Target Company obtained the Target Company’s Share Valuation Report therefrom. Daiwa Securities is not a related party of the Tender Offeror or the Target Company Group and does not have any material interest to be noted in the Transactions, including the Tender Offer. The Target Company has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities because the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest, as stated in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” below. The fees pertaining to the Transactions to be paid to Daiwa Securities do include a contingency fee to be paid upon the fulfillment of conditions such as the successful completion of the Transactions, but the Target Company selected Daiwa Securities as its financial advisor and third-party appraiser based on that fee structure upon consideration of accepted practice in similar transactions.

(ii) Outline of calculation

On the assumption that the Target Company is a going concern, and that multifaceted valuation of the Target Company Shares is appropriate, Daiwa Securities, after considering which of several calculation methods to be adopt for the calculation of the value of the Target Company Shares, applied in calculating the value of the Target Company Shares: (i) the market price method to take into account the market value of the Target Company, (ii) the comparable company analysis method, as there are

multiple companies which are comparable to the Target Company, and it is possible to calculate the value of the Target Company Shares by analogy to comparable companies, and (iii) the DCF Method, to reflect the future performance and forecasts of the Target Company in calculating the value of the Target Company Shares. Daiwa Securities calculated the value per share of the Target Company and Target Company are provided the Target Company's Share Valuation Report as of August 7, 2025 by Daiwa Securities.

The share value range per Target Company Share as calculated by applying each of the above methods is as follows.

Market price method: From 2,766 yen to 2,839 yen

Comparable company analysis method: From 2,830 yen to 4,827 yen

DCF Method: From 3,053 yen to 4,732 yen

A business plan based on which Daiwa Securities calculated the value of the Target Company Shares (the “**Business Plan**”) was formulated by a team of directors and employees of the Target Company who do not have a material interest in the Tender Offeror for the purpose of examining the Transactions, and the Business Plan was subsequently approved through examination by the Special Committee. The Business Plan is framed around the six fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031 to appropriately reflect the capital expenditures plan and the future earnings to be obtained from those capital expenditures. In formulating the Business Plan, while the Target Company anticipated strengthening collaboration with the Tender Offeror in terms of current capital relationships with respect to the automotive safety systems business, the Target Company did not anticipate any significant changes in the business environment. With respect to the high-performance products business, the Target Company has assumed there will be increased demand resulting from infrastructure development for preventing disasters, increased resilience in lifelines, strengthened regional disaster prevention capabilities, etc. that have been promoted through the “Basic Plan of National Resilience” formulated by the Cabinet Secretary. Because the synergistic effects expected from conducting the Transactions are difficult to estimate in a concrete manner at present, the Target Company did not take these into account in the Business Plan. In addition, in the Business Plan, there is no significant deviation from the figures in the performance forecasts for the fiscal year ending March 2026 and the planned figures appearing in “Ashimori Group Medium-Term Business Plan: Road to 150” published by the Target Company on May 13, 2025.

Under the market price method, the reference date of calculation was set as August 7, 2025, the value range per share of the Target Company was calculated to be 2,766 yen to 2,839 yen, based on the closing price of 2,839 yen of the Target Company Shares on the reference date on the Standard Market of the TSE, the simple average closing price of 2,832 yen for the preceding one-month period (July 8 to August 7, 2025), the simple average closing price of 2,766 yen for the preceding three-month period (May 8 to August 7, 2025), and the simple average closing price of 2,806 yen for the preceding six-month period (February 8 to August 7, 2025).

Under the comparable company analysis method, because the characteristics of the products and services provided in the automotive safety systems business and the high-performance products business of the Target Company Group are different, Daiwa Securities conducted “sum-of-the-parts” analysis (“**SOTP Analysis**”) in order to appropriately reflect the characteristics of each business. After selecting Toyoda Gosei Co., Ltd., Toyota Boshoku Corporation, TS TECH Co., Ltd., and TACHI-S Co., Ltd. as comparable companies determined to be similar to the automotive safety systems business of the Target Company, and selecting Nihon Hume Co., Ltd., Maeda Kosen Co., Ltd., Giken Ltd., Nichireki Group Co., Ltd., Oriental Shiraishi Corporation, Yokogawa Bridge Holdings Corp., Sho-Bond Holdings Co., Ltd., Miyaji Engineering Group Co., Ltd., Nakabohtec Corrosion Protecting Co., Ltd., Vertex Corporation, Yamax Co., Ltd., and Yamau Holdings Co., Ltd. as comparable companies determined to be similar to the high-performance products business of the Target Company, respectively, Daiwa Securities conducted the calculation by applying the corporate value multiple to EBITDA and calculated share value range per Target Company Share to be 2,830 yen to 4,827 yen.

Under the DCF Method, Daiwa Securities also conducted SOTP Analysis and calculated the value range per share of the Target Company to be 3,053 yen to 4,732 yen, based on the analysis of the Target Company’s corporate value and share value that were calculated on the basis of various elements, such as the Business Plan prepared by the Target Company, its earnings and investment plans in the business plans for the six fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031, and information disclosed by it to the public, and by discounting by a certain rate to the present value the free cash flow projected to be generated by the Target Company in and after the fiscal year ending March 2026. Daiwa Securities used weighed average cost of capital, applied as discount rates 10.2% to 11.0% for the automotive safety systems business and 8.4% to 9.2% for the high-performance products business, and calculated the share value range per share incorporating a size-risk premium of 3.0% taking into account the Target Company’s size based on Daiwa Securities’ expertise in making such judgments.

In calculating the continuing value, Daiwa Securities adopted the multiplier model and the constant-growth rate model. Under the multiplier model, after selecting a comparable company similar to that under the comparable company analysis method, Daiwa Securities applied multiples of 3.1 to 4.0 for the automotive safety systems business and 6.4 to 8.4 for the high-performance products business as corporate value multiples with respect to EBITDA and calculated the continuing value of the Target Company to be 39.1 billion yen to 51.0 billion yen. Under the constant-growth rate model, Daiwa Securities calculated the continuing value of the Target Company to be 44.5 billion yen to 52.8 billion yen based on domestic and overseas inflation rates and the growth rates of the industries to which the Target Company belongs, the permanent growth rate for both businesses is set at 0.5% to 1.5%. As material assets, cash deposits have been added in the calculation of the share value upon deducting business cash and deposits that were estimated in a comprehensive manner taking into account the Target Company’s past actual cash flow and other factors.

The Target Company’s financial forecast figures serving as a basis for the calculation conducted using the DCF Method are as follows. The financial forecasts of the Target Company include fiscal years in which a significant increase or decrease in profits are projected. Specifically, for the fiscal year ending March 2026, operating profit is expected to significantly decrease as a result of a decrease in net sales due to

the effect of currency fluctuations and changes in product mix, and free cash flow is projected to significantly decrease as a result of capital expenditures relating to seatbelt assembly facilities and the purchase of land to build a new factory for the high-performance products business. For the fiscal year ending March 2027, free cash flow is projected to significantly increase because (a) while capital expenditures relating to seatbelt assembly facilities are expected to be made and land is expected to be purchased to build a new factory for the high-performance products business in the preceding fiscal year, similar expenditures are not expected to be made in the fiscal year ending March 2027 and (b) depreciation for the fiscal year ending March 2027 is expected to increase. For the fiscal year ending March 2028, free cash flow is projected to significantly decrease because capital expenditures accompanying the construction of a new factory are expected to increase. For the fiscal year ending March 2029, free cash flow is projected to significantly increase because while capital expenditures accompanying construction of a new factory are expected to be made in the preceding fiscal year, similar expenditures are not expected to be made in the fiscal year ending March 2029.

(Unit: millions of yen)

	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030	Fiscal year ending March 2031
Net sales	65,999	67,532	70,299	75,208	80,118	84,179
Operating profit	2,975	3,640	4,126	4,829	5,527	5,901
EBITDA	5,269	6,562	7,354	7,747	8,331	8,575
Free cash flow	(1,146)	1,094	(470)	2,934	3,302	3,542

(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee

(i) Background of establishment, etc.

As stated in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above, the Target Company established the Special Committee by a resolution of the board of directors meeting held on April 23, 2025, but prior to establishing the Special Committee, the Target Company had already separately explained to the independent directors (Mr. Haruo Shimizu and Mr. Kazuyoshi Furukawa) and independent corporate auditors (Ms. Masami Oishi and Mr. Mitsuhiro Morikawa) of the Target Company who do not have a material interest in the Tender Offeror, since mid-March 2025, based on advice from City-Yuwa Partners, that it had received an initial proposal from the Tender Offeror regarding its intention to commence deliberations and discussions toward conducting the Transactions on March 3, 2025, and that it was necessary to take steps to ensure the fairness of the terms of the Transactions, including the establishment of a special committee, when deliberating and negotiating the Transactions, in order to establish a system for

deliberation, negotiation, and decision-making regarding the Transactions from a position independent of the Tender Offeror from the perspective of enhancing the Target Company's corporate value and protecting the interests of the Target Company's minority shareholders. At the same time, with advice from City-Yuwa Partners, the Target Company also confirmed the independence and eligibility of the independent directors and independent statutory auditors of the Target Company that were candidates for the members of the Special Committee, and confirmed that those directors and statutory auditors have independence from the Tender Offeror and from the success or failure of the Transactions. The Target Company selected as candidates for the Special Committee three members: Kazuyoshi Furukawa (an independent director of the Target Company), who has extensive experience and a wide range of knowledge based on many years in the civil engineering and construction industry; Haruo Shimizu (an independent director of the Target Company), who has extensive experience and a wide range of knowledge based on many years as a corporate executive; and Mitsuhiro Morikawa (an independent statutory auditor of the Target Company), who has extensive experience and a wide range of knowledge based on many years in business management and as a statutory auditor. (Because Yasushi Okada, an independent director of the Target Company, is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Takashi Ogawa, an independent director of the Target Company, is a person who formerly belonged to a major shareholder of the Tender Offeror, and in the interest of eliminating the possibility of the selections being affected by structural conflicts of interest in relation to the Transactions, those two persons were not selected as the members of the Special Committee. Also, Kazuyoshi Furukawa, an independent director of the Target Company, was appointed as the chair of the Special Committee by mutual vote among the members of the Special Committee, and the membership of the Special Committee has not changed since its establishment.)

As stated in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above, the Target Company established the Special Committee and referred the Consulted Matters to the Special Committee by a resolution of the board of directors meeting held on April 23, 2025. In addition, as stated in “(i) Background to the establishment of the examination framework” in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above, when establishing the Special Committee, the Target Company resolved to respect the opinions of the Special Committee to the utmost extent and to grant the Special Committee the necessary authority to review and make decisions regarding the Transactions.

At the above meeting of the board of directors of the Target Company, of the nine directors of the Target Company at that time, Hiromasa Zaitzu had been an executive officer of the Tender Offeror until June 14, 2024, Kaoru Nagatomi had been an employee of the Tender Offeror in the past, Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Takashi Ogawa formerly belonged to a major shareholder of the Tender Offeror, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions, the above resolution was unanimously adopted after deliberation by the five directors excluding those four

directors. In addition, all three of the statutory auditors at the time were present at the above board of directors meeting, and all of the statutory auditors present expressed that they had no objection to the above resolution.

The compensation paid to the Special Committee for their duties is a fixed amount irrespective of the success or failure of the Transactions.

(ii) Background of deliberation

The Special Committee met a total of 18 times between April 25, 2025 and August 8, 2025, and also performed its duties related to the Consulted Matters by reporting, sharing information, deliberating, and making decisions, etc. as necessary by e-mail between meetings. Specifically, the Special Committee approved the appointment of Daiwa Securities as the financial advisor and third-party appraiser of the Target Company and City-Yuwa Partners as the legal advisor of the Target Company, after confirming that there were no problems with their independence, expertise and track record. The Special Committee confirmed that it may seek expert advice from Daiwa Securities and City-Yuwa Partners as necessary, and decided not to appoint its own advisors. The Special Committee also approved the internal system for deliberating the Transactions (including the scope of officers and employees of the Target Company who will be involved in the deliberation, negotiation and decision-making regarding the Transactions and their duties) established at the Target Company, having confirmed that the system is free of problems from the perspective of independence and fairness.

The Special Committee then considered the measures to be taken to ensure the fairness of the procedures in the Transactions, based on the legal advice it received from City-Yuwa Partners.

The Special Committee received an explanation from the Tender Offeror regarding the background leading to the proposal of the Transactions, the significance and purpose of the Transactions, the management structure and management policies after the Transactions, and the like, and conducted a Q&A session.

The Special Committee received an explanation from the Target Company regarding the significance and purpose of the Transactions, the effect of the Transactions on the Target Company's business, the Target Company's opinion on the management structure and management policies after the Transactions, and related information, and conducted a Q&A session with respect to those matters.

In addition, the Special Committee received from the Target Company an explanation of the contents, material assumptions, and background of preparation of the Target Company's business plan and, following a Q&A session, confirmed the reasonableness of these matters and approved them based on advice from a financial perspective from Daiwa Securities. Furthermore, as described in "(B) Procurement by the Target Company of a share valuation report from an independent third-party appraiser" above, Daiwa Securities calculated the share value of the Target based on the Target Company's business plan, and the Special Committee received from Daiwa Securities an explanation of the methods used to calculate the value of the Target Company Shares, the reasons for selecting such calculation methods, the details of the calculations based on each calculation method, and the material assumptions made, and confirmed the reasonableness of these matters through Q&A sessions and deliberations and examinations.

The Special Committee also discussed and deliberated the Target Company's negotiations with the Tender Offeror from time to time, taking into account advice from a financial perspective received from Daiwa Securities as the Target Company's advisor, and advice from a legal perspective received from City-Yuwa Partners, and provided necessary opinions on the Target Company's negotiation policy as appropriate. Specifically, the Special Committee has, upon the Target Company receiving each proposal for the Tender Offer Price from the Tender Offeror, promptly received reports from the Target Company regarding the discussions and negotiations regarding the Tender Offer Price, and has provided the Target Company on five separate occasions with the Special Committee's opinions suggesting that the Target Company request the Tender Offeror to increase the Tender Offer Price. The Special Committee has thereby substantially participated in the discussion and negotiation process between the Target Company and the Tender Offeror in terms such as that the Target Company engaged in negotiations with the Tender Offeror in accordance with the Special Committee's opinions.

As a result, the Target Company received an offer from the Tender Offeror on August 5, 2025 to set the Tender Offer Price at 4,140 yen per share, and accordingly, the Tender Offer Price has been increased from 3,700 yen, which was the original share price offered by the Tender Offeror, to 4,140 yen.

The Special Committee received advice from City-Yuwa Partners, the Special Committee's legal advisor, and multiple explanations from Daiwa Securities, the Target Company's financial advisor, regarding the draft of the Press Release and other documents relating to the Transactions, and conducted Q&A sessions to confirm that comprehensive disclosure of information will be made.

(iii) Details of decision

Through the above process, the Special Committee carefully discussed and deliberated the Consulted Matters based on the advice from a legal standpoint received from City-Yuwa Partners and the advice from a financial standpoint and the Target Company's Share Valuation Report received from Daiwa Securities as of August 7, 2025, and submitted to the board of directors of the Target Company its Report with the following general content, which represents the unanimous opinion of the Special Committee. For details of the Report, please see the materials attached to the Target Company's Press Release.

(I) Matters stated in the Report

- A. The Special Committee believes that the Transactions will contribute to the enhancement of the Target Company's corporate value and the purposes of the Transactions are valid and reasonable.
- B. The Special Committee believes that the fairness and appropriateness of the terms and conditions of the Transactions, including the price of purchase, etc. in the Tender Offer, have been secured.
- C. The Special Committee believes that sufficient consideration has been given to the interests of the Target Company's shareholders through fair procedures in the Transactions.
- D. The Special Committee believes that it is appropriate for the board of directors of the Target Company to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Target

Company and the Share Acquisition Rights Holders tender their shares and share acquisition rights in the Tender Offer

- E. The Special Committee believes that the Transactions are fair to the Target Company's shareholders in general.

(II) Reasoning

A. Validity and reasonableness of the purposes of the Transactions

- (a) The Target Company Group's main businesses are the automotive safety systems business and the high-performance products business. In the business environment surrounding the Target Company Group, (1) in the automotive safety systems business, technological competition is intensifying with changes to laws and ordinances and the progress of BEVs, and there is a need to respond rapidly to demand for standardization to reduce costs and demand for differentiation to increase product appeal, and (2) in the high-performance products business, it is necessary to promote the development and sale of products and services that address social issues such as aging infrastructure, disasters and disaster mitigation, environmental preservation, and the 2024 Problem in logistics. In that business environment, the management challenges faced in the automotive safety systems business are: (i) to further strengthen cooperation with the Tender Offeror by continuing to work on joint procurement, unification of design specifications, and development of highly competitive products, and to further increase productivity, eliminate defective products, and improve quality by firmly establishing TPS (the Toyota Way of Monozukuri); (ii) to build a profit structure that is resilient to external environmental changes such as trade tariffs, exchange rates, and fluctuations in the raw material market and production levels; and (iii) to make steady progress in strengthening governance and optimizing global production systems. Meanwhile, the management challenges faced in the high-performance products business are: (iv) for PALTEM, to invest in the development of next-generation construction methods to improve productivity and increase market share in response to demand for pipe rehabilitation in the core sector of waste water, and to continue to raise awareness and increase sales of green pipe rehabilitation methods in the water supply and agricultural water supply sectors; (v) for disaster prevention, to stabilize quality and profitability in the manufacture and sale of hoses, the core product, and to proactively invest management resources toward increasing the sales of core sectors, namely large-diameter hose systems and disaster prevention equipment and materials; (vi) for industrial materials, to proactively address issues including streamlining logistics, while promoting structural reform of existing businesses to establish new pillars out of ground improvement products and highly functional fiber products. The Special Committee does not consider the above management challenges to be unreasonable in any respect.
- (b) The purpose of the Transactions is to address the following management challenges in light of the business environment surrounding the Target Company described above. In the automotive

safety systems business: (i) to further strengthen cooperation with the Tender Offeror by continuing to work on joint procurement, unification of design specifications, and development of highly competitive products, and to further increase productivity, eliminate defective products, and improve quality by firmly establishing TPS (the Toyota Production System); (ii) to build a profit structure that is resilient to external environmental changes such as trade tariffs, exchange rates, and fluctuations in the raw material market and production levels; and (iii) to make steady progress in strengthening governance and optimizing global production systems. Meanwhile, in the high-performance products business: (iv) for PALTEM, to invest in the development of next-generation construction methods to improve productivity and increase market share in response to demand for pipe rehabilitation in the core sector of waste water, and to continue to raise awareness and increase sales of green pipe rehabilitation methods in the water supply and agricultural water supply sectors; (v) for disaster prevention, to stabilize quality and profitability in the manufacture and sale of hoses, the core product, and to proactively invest management resources toward increasing the sales of core sectors, namely large-diameter hose systems and disaster prevention equipment and materials; (vi) for industrial materials, to proactively address issues including streamlining logistics, while promoting structural reform of existing businesses to establish new pillars out of ground improvement products and advanced fiber products. If the Target Company becomes a wholly owned subsidiary of the Tender Offeror through the Transactions, it will enable a more integrated collaboration with the Tender Offeror, as well as: (i) increasing the speed of decision-making, enabling the Target Company to respond more quickly than ever before to customer needs and market changes, and to provide customers with higher value-added products; (ii) allowing the Target Company's high-performance products business to utilize the Tender Offeror's abundant resources, including financial strength, credit, extensive network, quality control methods, production technology, know-how, and human resources, and to accelerate the growth of the Target Company's high-performance products business; and (iii) eliminating the various financial costs associated with maintaining the listing and the extensive operational burdens required of a listed company, allowing the Target Company to allocate the management resources it had invested in maintaining the listing to its operational divisions. The above will enable: (i) higher added value of safety systems in the automotive safety systems business, rapid response to customer requirements and market changes, productivity improvements, sales growth, and the like; (ii) accelerated growth leveraging the Tender Offeror's resources in the high-performance products business; and (iii) accelerated growth of the Target Company's business by reallocating management resources in connection with going private. Given that the policy of increasing corporate value through the above effects is reasonable, the Special Committee believes that the purposes of the Transactions are not unreasonable in any respect, and the Transactions are expected to enhance corporate value to a certain degree.

- (c) The disadvantages to the Target Company and its stakeholders arising from the Transactions include: (i) the impact on methods of equity financing from the capital markets; (ii) concerns about the Target Company's ability to secure talented human resources due to the increased social credibility and name recognition it has enjoyed as a publicly traded company; and (iii) the potential impact on shareholders, employees, business partners, members of the PALTEM Technology Association, and other stakeholders. However, the Special Committee has received explanations as follows. With respect to (i), the Target Company does not expect to need to raise funds through equity financing from the capital market for the time being, and furthermore there will be no impact on financing because the Target Company has maintained a sound financial base, and any required funds can be expected to be available with financial support from the financially strong Tender Offeror Group. With respect to (ii), the impact of delisting, including the impact on recruitment, will be limited by taking advantage of the Tender Offeror Group's social credibility and financing capabilities. With respect to (iii), the Target Company has already secured a firm business foundation, including a certain level of brand power, name recognition, and credit, through its business activities to date, and having been informed that the Tender Offeror's basic policy is to emphasize the enhancement of the social value of existing businesses using the current management structure, and to maintain the Target Company's name, brand (especially the high-performance products business), and employment and compensation conditions after taking it private, will be able to not only prevent adverse effects on stakeholders but also contribute to further enhancement of the Target Company's image and brand power in the medium to long term by working with the Tender Offeror to explain the post-transaction policy to stakeholders. Based on the above explanations and the Q&A session with the Target Company, the Special Committee expects that no disadvantages will arise from any of the above points and that any disadvantages that do arise would be of limited impact, and believes that there is no significant reason to maintain the listing of the shares going forward. The above explanations are not unreasonable in any particular respect, and the Special Committee recognizes that any disadvantages of going private through the Transactions will be limited, even if disadvantages were to arise.
- (d) In light of the above, the Special Committee recognizes that the Target Company's understanding of its surrounding business environment and management challenges is not unreasonable in any particular respect, that any disadvantages of going private through the Transactions will be limited, even if disadvantages were to arise, and that it will be possible to make the Target Company a wholly owned subsidiary and accurately advance initiatives aimed at addressing the management challenges of the Target Company, namely: in the automotive safety parts business, (i) to further strengthen cooperation with the Tender Offeror by continuing to work on joint procurement, unification of design specifications, and development of highly competitive products,

and to further increase productivity, eliminate defective products, and improve quality by firmly establishing TPS (the Toyota Production System); (ii) to build a profit structure that is resilient to external environmental changes such as trade tariffs, exchange rates, and fluctuations in the raw material market and production levels; and (iii) to make steady progress in strengthening governance and optimizing global production systems; and , in the high-performance products business: (iv) for PALTEM, to invest in the development of next-generation construction methods to improve productivity and increase market share in response to demand for pipe rehabilitation in the core sector of waste water, and to continue to raise awareness and increase sales of green pipe rehabilitation methods in the water supply and agricultural water supply sectors; (v) for disaster prevention, to stabilize quality and profitability in the manufacture and sale of hoses, the core product, and to proactively invest management resources toward increasing the sales of core sectors, namely large-diameter hose systems and disaster prevention equipment and materials; (vi) for industrial materials, to proactively address issues including streamlining logistics, while promoting structural reform of existing businesses to establish new pillars out of ground improvement products and advanced fiber products. The Special Committee recognizes that the Transactions will contribute to the enhancement of the Target Company's corporate value and the purposes of the Transactions are valid and reasonable.

- B. Fairness and appropriateness of the terms of the Transactions
- (a) The market price method, comparable company analysis method, and DCF Method used by Daiwa Securities in the share valuation in the Target Company's Share Valuation Report are commonly used and reasonable methods based on current practice, and the Special Committee has concluded that the content of the calculations for the DCF Method is also appropriate in light of current practice. With respect to the comparable company analysis method, the Special Committee received an explanation from Daiwa Securities that the comparable companies and their selection method were adopted based on the Target Company's understanding and evaluations from the market, and confirmed that the comparable companies and their selection method are not unreasonable in any particular respect. Given that the Business Plan was prepared for the purpose of objectively and reasonably verifying the appropriateness of the terms of the Transactions and that there were no circumstances in the process of preparation to suggest improper intervention by the Tender Offeror Group, the Special Committee therefore confirmed that the purpose, preparation procedures, and content of the Target Company's Business Plan are not unreasonable in any particular respect. Furthermore, in light of the valuation of the Target Company Shares in the Target Company's Share Valuation Report, the Special Committee confirmed that the purchase price in the Tender Offer is reasonable based on the fact that it exceeds the results of the valuations of the Target Company Shares by Daiwa Securities using the market price method and

comparable company analysis method, and exceeds the median of the range of values calculated by the DCF method.

- (b) The Tender Offer Price of 4,140 yen per share represents a premium of 45.83% to the closing price of the Target Company Shares on the TSE Standard Market as of August 7, 2025, the business day preceding the announcement of the Tender Offer, of 2,839 yen, a premium of 46.19% to the simple average closing price of 2,832 yen over the preceding one-month period, a premium of 49.68% to the simple average closing price of 2,766 yen over the preceding three-month period, and a premium of 47.54% to the simple average closing price of 2,806 yen over the preceding six-month period. The Special Committee considers the level of premiums to be comparable to the premiums in recent similar transactions (292 going-private transactions announced between June 28, 2019, when the Ministry of Economy, Trade and Industry published its “Guidelines on Fair M&A Practices,” and July 14, 2025, in which the average premium to the closing price on the business day before the announcement was 47.69%, the median of the premium to the simple average closing price over the preceding one-month period was 49.71%, the median of the premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%).
- (c) The Tender Offer Price (4,140 yen) is one times the consolidated book value of net assets per share (4,138.66 yen) as of the end of March 2025 as stated in the Annual Securities Report for the 125th Fiscal Year (April 1, 2024 to March 31, 2025), and exceeds the consolidated book value of net assets. Therefore, the Special Committee recognizes that the terms of the Transactions are appropriate in terms of price-to-book ratio (PBR).
- (d) The discussions and negotiations between the Target Company and the Tender Offeror with respect to the Tender Offer Price were mainly conducted by Daiwa Securities, an experienced financial advisor engaged by the Target Company, and the Special Committee received advice from Daiwa Securities regarding the negotiation policy from a financial standpoint and the like, gave reports on the negotiation policy, and received reports on the negotiation process. In addition, the Special Committee gave instructions to Daiwa Securities and proceeded with negotiations with the Tender Offeror with a policy of discussing and negotiating with the Tender Offeror based on the synergies created by the current capital relationship, the synergies to be created by the close collaboration between the two companies if the Transactions are completed, the results of the estimation of the value of the shares by Daiwa Securities, the level of premiums in recent similar transactions, the Target Company’s price-to-book ratio (PBR), and other factors. As a result of those negotiations, the Special Committee achieved a price increase of approximately 11.9% (1,440 yen) from the initial proposal. Of the nine directors of the Target Company, Hiromasa Zaitzu had been an executive officer of the Tender Offeror until June 14, 2024, Kaoru Nagatomi had been an employee of the Tender Offeror

in the past, Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Takashi Ogawa had been an employee of a major shareholder of the Tender Offeror in the past, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible, those directors did not participate in the deliberations and resolutions of the board of directors regarding the Transactions, and have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Target Company. There are no other specific circumstances that raise doubts about the fairness of the process of determining the Tender Offer Price. As described above, the process of determining the Tender Offer Price was carried out with the substantive involvement of the Special Committee, as the Special Committee received timely reports on the progress of negotiations and expressed its opinions, gave instructions and made requests to the Target Company and Daiwa Securities at important junctures. The Special Committee also made reasonable efforts to conduct the Transactions on terms favorable to the general shareholders and eliminate the involvement of the Target Company's management team, who have a structural conflict of interest with the Target Company, to the extent possible, and ensured that sincere negotiations were conducted under circumstances equivalent to an arm's length transaction, and the negotiations can therefore be considered fair.

- (e) The prices of past acquisitions of the Target Company Shares by the Tender Offeror (1,018 yen and 2,153.29 yen) were significantly lower than the Tender Offer Price (4,140 yen), and the Special Committee believes that the Tender Offer Price is not unreasonable in comparison with those prices.
- (f) The Special Committee believes that the Share Acquisition Rights Tender Offer Price is an appropriate price that secures the advantage that the Share Acquisition Rights Holders of the Target Company should enjoy through the Transactions, given that it is the product of the difference between the Tender Offer Price and the exercise price per Target Company Share of each of the Share Acquisition Rights multiplied by the number of the underlying Target Company Shares, and that it was calculate based on the Tender Offer Price.
- (g) The Tender Offeror proposed the method of a two-step acquisition by way of a tender offer with cash consideration and a subsequent squeeze-out by way of the Demand for Share, Etc. Cash-Out or the Share Consolidation, and the Special Committee does not consider the method of the Transactions, including the type of consideration, to be unreasonable.
- (h) Having considered the above points, the Special Committee concluded that the Tender Offer Price and are reasonable, recognizing that: (i) the Tender Offer Price is appropriate in light of the valuation results (it exceeds the results of the valuations of the Target Company Shares by Daiwa Securities using the market price method and comparable company analysis method, and exceeds the median of the range of

values calculated by the DCF method) in the share valuation report prepared by the independent third-party appraiser Daiwa Securities; (ii) the premium represented by the Tender Offer Price is comparable to the premiums in recent similar transactions (in which the average premium to the closing price on the business day before the announcement was 47.69%, the average premium to the simple average closing price over the preceding one-month period was 49.71%, the average premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%); (iii) the Tender Offer Price exceeds the consolidated book value per share of the Target Company; (iv) negotiations with the Tender Offeror were conducted in accordance with the instructions of the Special Committee and under the negotiation policy determined by the Special Committee, excluding the involvement of four directors (Hiromasa Zaitzu, Kaoru Nagatomi, Yasushi Okada and Takashi Ogawa) in order to eliminate the possibility of the deliberations and resolutions being affected by structural conflicts of interest to the extent possible, and as a result of the negotiations with the Tender Offeror, the Tender Offeror raised the Tender Offer Price by approximately 11.9% (1,440 yen) from the initial proposal for the Tender Offer Price; and (v) considering that the purchase price of the Share Acquisition Rights is calculated based on the Tender Offer Price, consideration has been given to ensure that the shareholders in general enjoy all of the value that could have been realized if the Transactions had not been conducted, and a reasonable portion of the value that cannot be realized without the Transactions (that there is a fair distribution of the increase in corporate value to the shareholders in general). Although the Business Plan and the Target Company's Share Valuation Report prepared based on the Business Plan were prepared on the assumption of collaboration based on the capital relationship with the Tender Offeror at the present time, without assuming that the Transactions will be implemented, in light of each of the above points – especially the fact that the Tender Offer Price exceeds the median share value calculated by the independent third-party appraiser Daiwa Securities by the DCF Method and secures a premium that is comparable to the premiums in similar transactions – the Special Committee recognizes that in this case, consideration has been given to ensure that the shareholders in general enjoy all of the value that could have been realized if the Transactions had not been conducted, and a reasonable portion of the value that cannot be realized without the Transactions (that there is a fair distribution of the increase in corporate value to the shareholders in general). In addition to (i) through (v) above, in light of the fact that (vi) the methods of the Transactions are not unreasonable in any respect, including the type of consideration, the Special Committee has concluded that the fairness and appropriateness of the terms of the Transactions have been ensured from the perspective of protecting the interests of the shareholders in general of the Target Company.

C. Fairness of the procedures for the Transactions

- (a) The Special Committee, which is independent of the Tender Offeror Group, consists of three members: Kazuyoshi Furukawa, an independent director of the Target Company; Haruo Shimizu, an independent director of the Target Company; and Mitsuhiro Morikawa, an independent corporate auditor of the Target Company. The compensation paid to the Special Committee for their duties is a fixed amount irrespective of the success or failure of the Transactions.
- (b) The Target Company appointed City-Yuwa Partners as its legal advisor independent of the Tender Offeror Group, the Target Company Group, and the success of the Transactions, and has received legal advice including advice on measures to be taken to ensure the fairness of procedures in the Transactions, and the method and process of decision-making of the Target Company regarding the Transactions and various procedures of the Transactions. In addition, when expressing its opinion with respect to the Tender Offer, the Target Company appointed Daiwa Securities, a financial advisor and third-party appraiser independent of the Tender Offeror Group, the Target Company Group, and the success of the Transactions to calculate the value of the Target Company Shares, and obtained the Target Company's Share Valuation Report dated August 7, 2025. The Special Committee has confirmed that there are no problems with the expertise and independence of City-Yuwa Partners and Daiwa Securities.
- (c) Of the nine directors of the Target Company, Hiromasa Zaitzu had been an executive officer of the Tender Offeror until June 14, 2024, Kaoru Nagatomi had been an employee of the Tender Offeror in the past, Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Takashi Ogawa had been an employee of a major shareholder of the Tender Offeror in the past, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible, those directors did not participate in the deliberations and resolutions of the board of directors regarding the Transactions, and have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Target Company. The Special Committee has also confirmed that the above four directors will not participate in any deliberations or resolutions regarding the Transactions at future meetings of the board of directors.
- (d) As the Tender Offeror intends to make the Target Company a wholly owned subsidiary of the Tender Offeror, the Tender Offeror has set the minimum number of share certificates, etc. to be purchased in the Tender Offer at 2,308,100 shares (ownership ratio: 38.29%), and if the total number of tendered shares is less than the minimum number of share certificates, etc. to be purchased, none of the tendered shares will be purchased. This is because the minimum number of share certificates, etc. to be purchased in the Tender Offer exceeds the number corresponding to the majority of the minority, and given that, if the Tender Offeror cannot obtain the approval of a majority of the Target Company's shareholders who are independent from the Tender Offeror,

the Tender Offeror intends not to proceed with the Transactions out of respect for the wishes of the Target Company's minority shareholders, the Special Committee recognizes that the Tender Offeror will give consideration to the intentions of shareholders in general.

- (e) The Tender Offeror has set a tender offer period of 30 business days, whereas the statutory minimum tender offer period is 20 business days. In addition, the Tender Offeror and the Target Company have not entered into any agreement that limits the Target Company's contact with competing bidders, including any agreement containing a transaction protection clause that forbids the Target Company from contacting a competing bidder or the like. Thus, consideration has been given to ensuring the fairness of the Tender Offer by ensuring opportunities for competing bids, combined with the establishment of the tender offer period described above. Therefore, the Special Committee recognizes that an environment is secured in which other potential acquirers can make counter-offers under the same conditions as the Tender Offeror after the announcement of the Transactions, and that an indirect market check has been conducted.
- (f) The Special Committee has reviewed the drafts of press releases regarding the Tender Offer at multiple meetings of the Special Committee, with advice from Daiwa Securities and City-Yuwa, and has confirmed that comprehensive disclosure is planned regarding: the independence, expertise, and other qualifications of the members of the Special Committee; the scope of authority granted to the Special Committee; the involvement of the Special Committee in the deliberation process and negotiation process; the basis and reasons for the Special Committee's decision; the content of the Report; the structure of compensation for the members of the Special Committee; an overview of the Target Company's Share Valuation Report; and the process and background of negotiations leading to the implementation of the Transactions. Therefore, the Tender Offeror intends to ensure that its minority shareholders have an opportunity to make an appropriate decision regarding the Tender Offer based on sufficient information.
- (g) The legality of the squeeze-out procedure is also ensured, consideration having been given that the issue of coercion does not arise with respect to the Transactions.
- (h) After considering the above matters, the Special Committee concluded that sufficient consideration has been given to the interests of the Company's shareholders in general through fair procedures in the Transactions, including the Tender Offer, in light of the fact that: (i) the Target Company's board of directors established the Special Committee, which is independent of the Tender Offeror Group; (ii) when deliberating the Transactions, the Target Company was advised by City-Yuwa Partners, a legal advisor, and Daiwa Securities, a financial advisor and a third-party appraiser, both independent of the Tender Offeror Group, the Target Company Group, and the success of the Transactions; (iii) the Tender Offeror obtained a share valuation

report from Daiwa Securities, a third-party appraiser independent of the Tender Offeror Group and the Target Company Group; (iv) four directors (Hiromasa Zaito, Kaoru Nagatomi, Yasushi Okada, and Takashi Ogawa) have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Target Company, in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible; (v) a minimum number of share certificates, etc. to be purchased was established that exceeds the majority of the minority; (vi) an indirect market check was conducted; (vii) it was ensured that general shareholders have an opportunity to make an appropriate decision regarding the Transactions based on sufficient information; and (viii) the legality of the squeeze-out procedure was ensured such that the issue of coercion does not arise with respect to the Transactions.

D. Conclusion

As a result of the above considerations, the Special Committee has concluded that the Transactions will contribute to the enhancement of the Target Company's corporate value and the purposes of the Transactions are valid and reasonable as stated in A. above, and that the transaction terms are fair and reasonable and the procedures are fair from the perspective of protecting the interests of the shareholders in general of the Target Company as stated in B. and C. above. Therefore, the Special Committee (a) recognizes that the Transactions will contribute to the enhancement of the Target Company's corporate value, and the purposes of the Transactions are valid and reasonable, and (b) believes that the terms of the Transactions, including the Tender Offer Price, are appropriate and the procedures, including the Tender Offer, are fair, and that consideration has been given to the interests of the Target Company's shareholders in general. Therefore, the Special Committee believes that it is reasonable for the board of directors of the Target Company to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Target Company and the Share Acquisition Rights Holders tender their shares or share acquisition rights in the Tender Offer.

In addition, as described above, the Special Committee recognizes (i) the validity and reasonableness of the purposes of the Transactions (including whether the Transactions will contribute to the enhancement of the Target Company's corporate value), (ii) the fairness and reasonableness of the terms of the Transactions (including whether the increase in corporate value is fairly distributed to shareholders in general), and (iii) the fairness of the procedures in the Transactions, and therefore, the Special Committee believes that the Transactions are fair to the shareholders in general of the Target Company.

(D) Procurement by the Target Company of advice from an independent law firm

The Target Company appointed City-Yuwa Partners as its legal advisor independent from both the Tender Offeror and the Target Company Group, and it has received legal advice on measures to be taken to ensure the fairness of procedures in the Transactions,

the procedures in the Transactions and the decision-making methods and process of the Target Company regarding and the Transactions, and on other matters to be aware of when making decisions, as stated in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above.

The Special Committee has confirmed that there are no issues with the independence, expertise, or track record of City-Yuwa Partners, and has approved its appointment, as stated in “(C) Establishment by the Target Company of an independent special committee and procurement by the Target Company of a report from the special committee” above.

City-Yuwa Partners is not a related party of the Tender Offeror or the Target Company Group and does not have any material interest in the Transactions, including the Tender Offer. The fees paid to City-Yuwa Partners are calculated by multiplying an hourly rate by the number of hours worked, irrespective of the success of the Transactions, and do not include any contingency fees conditional on the successful completion of the Transactions.

(E) Establishment of an independent structure for review at the Target Company

The Target Company established inside the Target Company a system to review, negotiate, and decide on the Transactions independent from the Tender Offeror, as stated in “(B) Process of and reasons for the decision by the Target Company to support the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above.

Specifically, after receiving a notice from the Tender Offeror on March 3, 2025 that it wished to commence deliberations toward the execution of the Transactions, the Target Company established a project team to review the Transactions and to engage in discussions and negotiations with the Tender Offeror. The project team is comprised only of employees and officers of the Target Company who do not concurrently hold, and have not held in the past, positions as officers or employees at the Tender Offeror, and this policy has not changed up to present. Specifically, the Target Company established an executive office to review the Transactions and to engage in discussions and negotiations with the Tender Offeror, which is comprised of members who are deemed to be independent from the Tender Offeror, namely Mr. Akinori Koyama, (Director, Executive Officer, and Division Manager of Technology Management Division), Mr. Kazuyoshi Ito (Director, Executive Officer, and General Manager of PALTEM Group), one Executive Officer, and other employees. The Special Committee confirmed that there were no issues regarding the composition of the executive office from the perspective of independence. In addition, the Target Company obtained the approval of the Special Committee regarding the review structure of the Target Company (including the scope and duties of the officers and employees of the Target Company who are involved in reviewing, negotiating, and deciding on the Transactions) having no issues from the perspective of independence and fairness.

(F) Approval of all disinterested directors of the Target Company and opinion of all disinterested audit & supervisory board members of the Target Company that they have no objection

The Target Company carefully discussed and examined whether the Transactions, including the Tender Offer, would contribute to the enhancement of the Target Company's corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate, based on legal advice received from City-Yuwa Partners, the content of the Target Company's Share Valuation Report, the Report received from the Special Committee, the content of ongoing discussions with the Tender Offeror held on multiple occasions, and other related materials. As a result, at the meeting of the board of directors held today, the board of directors of the Target Company resolved, to endorse the Tender Offer and to recommend that the shareholders of the Target Company and the Share Acquisition Rights Holders tender shares and share acquisition rights in the Tender Offer, as described in "(B) Process of and reasons for the decision by the Target Company to support the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" above.

At the above meeting of the board of directors of the Target Company, of the nine directors of the Target Company at that time, Hiromasa Zaitzu had been an executive officer of the Tender Offeror in the past, Kaoru Nagatomi had been an employee of the Tender Offeror in the past, Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Takashi Ogawa had been an employee of a major shareholder of the Tender Offeror in the past, and in view of the fact that the Target Company is an equity-method affiliate of the Tender Offeror and that the Transactions constitute transactions that typically involve structural conflicts of interest and information asymmetry, in the interest of eliminating the possibility of the deliberations and resolutions being affected by these issues, the above resolution was unanimously adopted after deliberation by the five directors excluding those four directors. In addition, all three of the statutory auditors were present at the above board of directors meeting, and all of the statutory auditors present expressed that they had no objection to the above resolution.

Of the directors of the Target Company, Hiromasa Zaitzu, Kaoru Nagatomi, Yasushi Okada, and Takashi Ogawa did not participate in the deliberations and resolutions of the board of directors regarding the Transactions, including the above board of directors meeting, and did not participate in the discussions and negotiations of the Transactions on the side of the Target Company, in view of the fact that the Target Company is an equity-method affiliate of the Tender Offeror and that the Transactions constitute transactions that typically involve structural conflicts of interest and information asymmetry, in the interest of eliminating the possibility of the deliberations and resolutions being affected by these issues.

(G) Measures for securing opportunities for purchase by other tender offerors

The Tender Offeror has not made with the Target Company any agreement that contains transaction protection clauses that prohibit the Target Company from contacting counter offerors or made any other agreement on any matter that would restrict counter offerors from contacting the Target Company.

In addition, the Tender Offeror has set the period for acquiring share certificates, etc. in the Tender Offer (the "**Tender Offer Period**") at 30 business days, which is longer than the shortest tender offer period prescribed under laws and ordinances, namely 20 business days. The Tender Offeror has sought to guarantee the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price by setting a comparatively long Tender Offer Period to ensure an appropriate opportunity for all

of the Target Company's shareholders and Share Acquisition Rights Holders to make a decision about the tendering of share certificates, etc. in response to the Tender Offer while not precluding the opportunity for parties other than the Tender Offeror to make counter offers.

- (H) Setting the minimum number of share certificates, etc. to be purchased to a number greater than the so-called "Majority of Minority"

The Tender Offeror has set the minimum number of share certificates, etc. to be purchased in the Tender Offer at 2,308,100 shares (ownership ratio: 38.29%), and if the total number of the Tendered Share Certificates, Etc. is less than the minimum number of share certificates, etc. to be purchased (2,308,100 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Further, that minimum number to be purchased (2,308,100 shares and ownership ratio: 38.29%) exceeds the number of shares that constitutes the quotient resulting when deducting the number of Target Company Shares held by the Tender Offeror (1,703,500 shares) from the Total Number of Shares (Fully Diluted Basis) (6,027,638 shares) and dividing the difference (4,324,138 shares) by two (that quotient, 2,162,069 shares (rounded down to the nearest whole number) and ownership ratio: 35.87%; this is a majority of the number of Target Company Shares held by the Target Company's shareholders without any material interest in the Tender Offeror, or the number equivalent to a so-called "Majority of Minority").

In this way, by valuing the intent of the Target Company's general shareholders, the Tender Offeror will not conduct the Transactions, including the Tender Offer, if it does not obtain the support of a majority of the Target Company shareholders having no interest in the Tender Offeror.

- (I) Elimination of coercion

As stated in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to the "Two-Step Acquisition")" below, the Tender Offeror ensures an opportunity for the Target Company's shareholders and the Share Acquisition Rights Holders to properly decide whether or not to tender their share certificates, etc. in the Tender Offer and gives consideration to avoid placing coercive pressure on the Target Company's shareholders and the Share Acquisition Rights Holders by (i) employing methods ensuring the right of the Target Company's shareholders and the Share Acquisition Rights Holders to request purchase of shares or to petition for a determination of the price of shares, wherein depending on the number of shares acquired by the Tender Offeror through the successful completion of the Tender Offer, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, either make a Demand for Share, Etc. Cash-Out for all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and all of the Share Acquisition Rights (excluding the Share Acquisition Rights held by the Tender Offeror) or will make a demand to the Target Company to convene the Extra Shareholders Meeting (as defined in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to the "Two-Step Acquisition")" below) at which the agenda items will include proposals for a share consolidation and a partial amendment to the Target Company's articles of incorporation to abolish the provisions on share units on the condition that the share consolidation takes effect and (ii) clarifying that the amount of money to be delivered to the Target Company's shareholders and the Share Acquisition Rights Holders as consideration in the Demand for Share, Etc. Cash-Out or the share

consolidation will be calculated in a manner so that it becomes equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares owned by those shareholders (excluding the Tender Offeror and the Target Company) or the price obtained by multiplying the Share Acquisition Rights Tender Offer Price by the number of the Share Acquisition Rights owned by those Share Acquisition Rights Holders.

(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the “Two-Step Acquisition”)

As set out in “(1) Outline of the Tender Offer” above, if, despite the successful completion of the Tender Offer, the Tender Offeror is unable to acquire all of the Target Company Shares (including the Restricted Stock and the Target Company Shares to be delivered upon the exercise of Share Acquisition Rights, but excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and all of the Share Acquisition Rights through the Tender Offer, then the Tender Offeror intends, after the successful completion of the Tender Offer, to use the following methods to carry out the Squeeze-Out Procedures for the purpose of making the Tender Offeror the only shareholder of the Target Company.

(A) Demand for share, etc. cash-out

If, as a result of the successful completion of the Tender Offer, the total number of voting rights held by the Tender Offeror in the Target Company becomes 90% or more of the number of the voting rights of all shareholders of the Target Company, and the Tender Offeror becomes a special controlling shareholder as provided for in Article 179, paragraph (1) of the Companies Act, then the Tender Offeror intends, promptly after the completion of the settlement of the Tender Offer, to make a demand to all of the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company; those shareholders in question, the “**Selling Shareholders**”) to sell all of the Target Company Shares they hold (the “**Demand for Share Cash-Out**”) and make a demand to all of the Share Acquisition Rights Holders (excluding the Tender Offeror; the “**Selling Share Acquisition Rights Holders**”) to sell all of the Share Acquisition Rights they hold (the “**Demand for Share Acquisition Rights Cash-Out**”; and collectively with the Demand for Share Cash-Out, the “**Demand for Share, Etc. Cash-Out**”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act.

Money equal to the amount of the Tender Offer Price is to be delivered to the Selling Shareholders in the Demand for Share Cash-Out as consideration for each Target Company Share, and money equal to the amount of the Share Acquisition Rights Tender Offer Price is to be delivered to the Selling Share Acquisition Rights Holders in the Demand for Share Acquisition Rights Cash-Out as consideration for each Share Acquisition Right. In that case, the Tender Offeror will notify the Target Company to that effect and request approval from the Target Company for the Demand for Share, Etc. Cash-Out. If the Target Company approves the Demand for Share, Etc. Cash-Out by a resolution of its board of directors, the Tender Offeror will acquire from the Selling Shareholders the Target Company Shares they hold and from the Selling Share Acquisition Rights Holders all of the Share Acquisition Rights they hold as of the acquisition date stated in the Demand for Share, Etc. Cash-Out without requiring any

individual approval of the Selling Shareholders or the Selling Share Acquisition Rights Holders in accordance with procedures prescribed in applicable laws and regulations. In that case, the Tender Offeror will deliver to each of the Selling Shareholders an amount of cash consideration per Target Company Share equal to the Tender Offer Price and to each of the Selling Share Acquisition Rights Holders an amount of cash consideration per Share Acquisition Right equal to the Share Acquisition Rights Tender Offer Price in exchange for the Target Company Shares held by the Selling Shareholders and the Share Acquisition Rights held by the Share Acquisition Rights Holders.

With regard to the Restricted Stock, it is provided for in the allotment agreements for the Restricted Stock that if matters concerning a Demand for Share Cash-Out, to which the common shares of the Target Company are subject, are approved during the transfer restriction period by the Target Company's board of directors (limited to cases where the acquisition date of the shares to be sold (the "**Squeeze-Out Effective Date (Cash Out)**") arrives before the expiration of the transfer restriction period), then the Target Company shall, by a resolution of its board of directors, remove the transfer restriction on all of the Restricted Stock as of the time immediately before the business day preceding the Squeeze-Out Effective Date (Cash Out). Therefore, because the transfer restrictions are expected to be removed as of the time immediately before the business day preceding the Squeeze-Out Effective Date (Cash Out), all of the Restricted Stock will be subject to the Demand for Share Cash-Out.

According to the Target Company's Press Release, the Target Company intends that if it receives a notice from the Tender Offeror regarding the Tender Offeror's intention to make a Demand for Share, Etc. Cash-Out and regarding the matters set out in each item of Article 179-2, paragraph (1) of the Companies Act, then the Target Company's board of directors will approve the Demand for Share, Etc. Cash-Out, and resolve to remove the transfer restriction on the Restricted Stock.

In order to protect the rights of minority shareholders and Share Acquisition Rights Holders in relation to the Demand for Share, Etc. Cash-Out, the Companies Act provides that any of the Selling Shareholders and the Selling Share Acquisition Rights Holders may file a petition with a court for determination of the purchase price of the Target Company Shares or Share Acquisition Rights held in accordance with the provisions of Article 179-8 of the Companies Act and other applicable laws and regulations. It is further noted that if such petition is filed, the purchase prices of each of the Target Company Shares and the Share Acquisition Rights will ultimately be decided by the court.

(B) Share consolidation

If, after the successful completion of the Tender Offer, the total number of voting rights held by the Tender Offeror in the Target Company is less than 90% of the number of voting rights of all shareholders of the Target Company, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, request the Target Company to schedule the holding of an extraordinary shareholders meeting (the "**Extraordinary Shareholders Meeting**") at which an amendment to the Target Company's articles of incorporation that would consolidate the Target Company Shares in accordance with Article 180 of the Companies Act (the "**Share Consolidation**") and abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be proposed. The Tender Offeror

intends to approve each of the above proposals at the Extraordinary Shareholders Meeting. As of today, the Extraordinary Shareholders Meeting is expected to be held around early December 2025. The Tender Offeror believes that it is preferable to hold the Extraordinary Shareholders Meeting as promptly as possible from the perspective of enhancing the corporate value of the Target Company, and it plans to request that during the Tender Offer Period the Target Company gives public notice regarding setting a record date so that the record date of the Extraordinary Shareholders Meeting will fall promptly after the commencement of settlement of the Tender Offer.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders Meeting. If, due to the Share Consolidation, the numbers of shares that shareholders of the Target Company receive include fractions less than one share, such shareholders whose shares include fractions less than one share will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total sum of the fractions less than one share (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Target Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. With respect to the selling price for the number of shares equivalent to the total sum of the fractions less than one share in the Target Company, the Tender Offeror intends to request the Target Company to file a petition to the court for permission to sell such Target Company Shares by private contract on the basis that they will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each such shareholder. Although the ratio of the consolidation of the Target Company Shares has not been determined as of today, the Tender Offeror intends to request the Target Company to make a decision so that the Tender Offeror will hold all of the Target Company Shares (excluding the treasury shares held by the Target Company) and that shareholders (excluding the Tender Offeror and the Target Company) who do not tender their shares in the Tender Offer will have a fraction of less than one share.

In order to protect the rights of minority shareholders in relation to the Share Consolidation, the Companies Act provides that if there is a fraction less than one share as a result of the Share Consolidation, each shareholder of the Target Company (excluding the Tender Offeror and the Target Company) may request that the Target Company purchase all such shares that are held and will be a fraction less than one share of the Target Company Shares at a fair price and may file a petition to the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. As stated above, because the number of the Target Company Shares held by the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) who do not tender their shares in the Tender Offer will be less than one, the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) objecting to the Share Consolidation may file a petition described above. Please note that if such petition is filed, the purchase price of the Target Company Shares will ultimately be decided by the court.

With regard to the Restricted Stock, it is provided for in the allotment agreements for the Restricted Stock that if matters concerning the Share Consolidation (limited to cases where the number of the Restricted Stock held by the receiver of the grant of the Restricted Stock will become a fraction less than one share as a result of the Share Consolidation) are approved during the transfer restriction period by the Target Company's shareholders' meeting (limited to cases where the effective date of the Share Consolidation (the **"Squeeze-Out Effective Date (Share Consolidation)"**) arrives before the expiration of the transfer restriction period), the Target Company shall, by a resolution of its board of directors, remove the transfer restriction on all of the Restricted Stock as of the time immediately before the business day preceding the Squeeze-Out Effective Date (Share Consolidation). Therefore, because the transfer restrictions are expected to be removed as of the time immediately before the business day preceding the Squeeze-Out Effective Date (Share Consolidation), all of the Restricted Stock will be subject to the Share Consolidation.

In addition, if after the successful completion of the Tender Offer, the Tender Offeror is unable to acquire all of the Share Acquisition Rights through the Tender Offer, and the Share Acquisition Rights remain unexercised, then the Tender Offeror intends to request the Target Company to implement procedures that are reasonably required for executing the Transactions, such as recommending to the Share Acquisition Rights Holders (excluding, if a person who intends to exercise the Share Acquisition Rights exercises the Share Acquisition Rights, such person who intends to exercise the Share Acquisition Rights) that they waive their Share Acquisition Rights. According to the Target Company, the Target Company intends, if it receives such request, to provide cooperation promptly after the commencement date of settlement of the Tender Offer and for the Target Company's board of directors to resolve to remove the transfer restriction on the Restricted Stock.

With regard to each of the above procedures described in (A) and (B), it is possible that, depending on amendments to or the implementation and interpretation of the relevant laws and regulations by authorities, the implementation of those procedures may require time or the methods and timing of implementation may be altered. However, even in such case, it is intended that a method will be used whereby the shareholders of the Target Company (excluding the Tender Offeror and the Target Company) who do not tender their shares in the Tender Offer will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares. In addition, it is intended that if the Share Acquisition Rights Holders of the Target Company who do not tender their share acquisition rights in the Tender Offer are paid cash consideration, then that consideration will be calculated in a manner so that it is equal to the number of Share Acquisition Rights held by such Share Acquisition Rights Holder multiplied by the Share Acquisition Rights Tender Offer Price

The specific details and expected timing for the procedures described above will be determined through consultation with the Target Company and then promptly announced by the Target Company.

In addition, if despite the successful completion of the Tender Offer, the Tender Offeror is unable to acquire all of the Share Acquisition Rights through the Tender Offer, and the Share Acquisition Rights remain unexercised, then the Tender Offeror plans to request the Target Company to implement procedures that are reasonably

required for executing the Transactions, such as recommending to the Share Acquisition Rights Holders that they waive their Share Acquisition Rights.

It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders Meeting. Also, all shareholders of the Target Company are asked to seek their own specialist, such as a tax accountant, for tax advice with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the Standard Market of the TSE as of today. However, since the Tender Offeror has not set a maximum number of share certificates, etc. to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria of the TSE, depending on the results of the Tender Offer. Also, even in the case that the delisting criteria are not met upon successful completion of the Tender Offer, the Tender Offeror plans to carry out the Squeeze-Out Procedures stated in “(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the “Two-Step Acquisition”)” above after the successful completion of the Tender Offer, and if those procedures are carried out, the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After delisting, the Target Company Shares will be unable to be traded on the Standard Market of the TSE.

(6) Matters Relating to Material Agreements Regarding the Tender Offer

N/A

2. Overview of the Tender Offer

(1) Outline of the Target Company

(i)	Name	Ashimori Industry Co., Ltd.
(ii)	Location	7-11-61 Senrioka, Settsu-shi, Osaka
(iii)	Title and name of representative	Hiromasa Zaitzu, President
(iv)	Type of business	Automotive safety systems business and high-performance products business
(v)	Stated capital	8,388 million yen (as of March 31, 2025)
(vi)	Date of incorporation	December 27, 1935

(vii)	Principal shareholders and shareholding ratios (As of March 31, 2025) (Note)	Toyoda Gosei Co., Ltd.	28.29%
		Ashimori Business Partners Shareholding Association	6.55%
		Custody Bank of Japan, Ltd. (Trust Account)	3.58%
		MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	3.53%
		Ashimori Employee Shareholding Association	2.73%
		SANKYO Co., Ltd.	1.86%
		NOMURA PB NOMINEES LIMITED OMNIBUS — MARGIN (CASHPB) (Standing proxy: Nomura Securities Co., Ltd.)	1.76%
		Miyako Tanahashi	1.46%
		BNYM SA／NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE (Standing proxy: MUFG Bank, Ltd.)	1.25%
		DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank N.A. Tokyo Branch)	1.17%
(viii) Relationship between the Tender Offeror and the Target Company			
Capital relationship	As of today, the Tender Offeror holds 1,703,500 shares (ownership ratio: 28.26 %) of the Target Company Shares.		
Personnel relationship	As of today, one (Mr. Yasushi Okada) of the nine directors of the Target Company concurrently serves as an executive officer of the Tender Offeror.		
Business relationship	The Tender Offeror and the Target Company have alliance relationships under the capital and business alliance agreements. There is no material transaction to be stated.		
Status as a related party	The Target Company is an equity-method affiliate of the Tender Offeror and a related party of the Tender Offeror.		

(Note): The composition of“(vii) Principal shareholders and shareholding ratios (As of March 31, 2025)” is stated based on “Status of principal shareholders” in the annual securities report for the 125th fiscal year submitted by the Target Company on June 19, 2025.

- (2) Class of Share Certificates, Etc. to be Purchased
- (A) Common Shares
- (B) Share Acquisition Rights
- (i) Share acquisition rights issued pursuant to a resolution of the board of directors of the Target Company held on May 12, 2017 (the “**Series 1 Share Acquisition Rights**”) (the exercise period is from July 1, 2017 to June 30, 2027)
 - (ii) Share acquisition rights issued pursuant to a resolution of the board of directors of the Target Company held on May 11, 2018 (the “**Series 2 Share Acquisition Rights**”) (the exercise period is from June 30, 2018 to June 29, 2028)
 - (iii) Share acquisition rights issued pursuant to a resolution of the board of directors of the Target Company held on May 10, 2019 (the “**Series 3 Share Acquisition Rights**”) (the exercise period is from June 25, 2019 to June 24, 2029)
 - (iv) Share acquisition rights issued pursuant to a resolution of the board of directors of the Target Company held on May 12, 2023 (the “**Series 4 Share Acquisition Rights**”; and collectively with the Series 1 Share Acquisition Rights, the Series 2 Share Acquisition Rights, and the Series 3 Share Acquisition Rights, the “**Share Acquisition Rights**”) (the exercise period is from June 27, 2023 to June 26, 2033)
- (3) Schedule, Etc.
- (A) Schedule

Date of resolution of the board of directors	August 8, 2025 (Friday)
Date of public notice for commencement of the Tender Offer	August 12, 2025 (Tuesday) An electronic public notice will be conducted, and a notice to that effect will be published in the Nikkei. (URL of the electronic public notice: http://disclosure2.edinet-fsa.go.jp/) However, because that date is a newspaper holiday, the public notice will be published in the Nikkei on August 13, 2025 (Wednesday).
Filing date of the Tender Offer Registration Statement	August 12, 2025 (Tuesday)

- (B) Initial Period of the Tender Offer as of Registration
- August 12, 2025 (Tuesday) to September 24, 2025 (Wednesday) (30 Business Days)

(C) Possibility of Extension by Request of the Target Company

N/A

(D) Person to contact for information about extension of the Tender Offer Period

N/A

(4) Price of Tender Offer

(A) 4,140 yen per common share

(B) Share Acquisition Rights

(i) 41,390 yen per Series 1 Share Acquisition Right

(ii) 41,390 yen per Series 2 Share Acquisition Right

(iii) 41,390 yen per Series 3 Share Acquisition Right

(iv) 41,390 yen per Series 4 Share Acquisition Right

(5) Basis of Valuation of the Tender Offer Price, Etc.

(A) Basis of valuation

(i) Target Company Shares

When deciding the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Houlihan Lokey, its financial advisor and third-party appraiser independent from the Tender Offeror and the Target Company, to calculate the share value of the Target Company. Houlihan Lokey is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer.

Houlihan Lokey considered multiple share value calculation methods to apply in calculating the share value of the Target Company, and as a result, Houlihan Lokey applied the following methods for the calculation thereof: (i) the average market price method; (ii) the comparable company analysis method; and (iii) the discounted cash flow method. The Target Company obtained from Houlihan Lokey the Tender Offeror's Share Valuation Report dated August 7, 2025. In addition, since the measures in this section "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest" in "1. Purpose of the Tender Offer" above have been taken and the Tender Offeror believes that the interests of the minority shareholders of the Target Company have been given adequate consideration, the Tender Offeror has not obtained a written opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Houlihan Lokey.

The share value ranges per Target Company Share as calculated in the Tender Offeror's Share Valuation Report are as follows.

Average market price method: From 2,766 yen to 2,839 yen

Comparable company analysis method: From 2,482 yen to 2,916 yen

DCF Method: From 3,430 yen to 4,991 yen

Under the average market price method, the reference date was set as August 7, 2025, and the share value range per Target Company Share was calculated to be 2,766 yen to 2,839 yen, based on 2,839 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on the reference date, and the simple average closing prices on the Standard Market of the TSE for the preceding one-month, three-month, and six-month periods ending on the reference date, which were 2,832 yen, 2,766 yen, and 2,806 yen, respectively.

Under the comparable company analysis method, the share value range per Target Company Share was calculated to be 2,482 yen to 2,916 yen by evaluating the Target Company's share value by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in businesses that are relatively similar to those that the Target Company operates.

Under the DCF Method, the share value range per Target Company Share was calculated to be 3,490 yen to 4,991 yen based on the business plans provided by the Target Company for fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031 and based on the Target Company's financial forecasts as adjusted by the Tender Offeror taking into consideration various elements such as trends in its financial results until the most recent fiscal year, the results of the due diligence of the Target Company conducted by the Tender Offeror from late April 2025 to late June 2025, and information disclosed by it to the public, and then analyzing and evaluating the corporate value and share value of the Target Company by discounting by a certain rate to the present value the free cash flow projected to be generated by the Target Company during and after the fiscal year ending March 2026. Also, the financial forecasts based on the business plan of the Target Company on which the DCF Method was based as described above include fiscal years in which a significant increase or decrease in profits are projected. Specifically, for the fiscal year ending March 2026, operating profit is expected to significantly decrease as a result of a decrease in net sales due to the effect of currency fluctuations and changes in product mix, and free cash flow is projected to significantly decrease as a result of capital expenditures relating to seatbelt assembly facilities and the purchase of land to build a new factory for the high-performance products business. For the fiscal year ending March 2027, free cash flow is projected to significantly increase because (a) while capital expenditures relating to seatbelt assembly facilities are expected to be made and land is expected to be purchased to build a new factory for the high-performance products business in the preceding fiscal year, similar expenditures are not expected to be made in the fiscal year ending March 2027 and (b) depreciation for the fiscal year ending March 2027 is expected to increase. For the fiscal year ending March 2028, free cash flow is projected to significantly decrease because capital expenditures accompanying the construction of a new factory are expected to increase. For the fiscal year ending March 2029, free cash flow is projected to significantly increase because while capital expenditures accompanying construction of a new factory are expected to be made in the preceding fiscal year, similar expenditures are not expected to be made in the fiscal year ending March 2029. In addition, the synergies resulting from further deepening collaboration between the two companies were taken into account to a certain extent. The Tender Offeror finally decided on the Tender Offer Price of 4,140 yen at the board of directors meeting held on August 8, 2025 by comprehensively considering factors such as the result of the calculation of the share value of the Target Company stated in the Tender Offeror's Share Valuation

Report obtained from Houlihan Lokey as well as the results of the due diligence of the Target Company conducted by the Tender Offeror from late April 2025 to late June 2025, whether the board of directors of the Target Company can support the Tender Offer, and the prospect of the number of share certificates, etc. being tendered in the Tender Offer.

The Tender Offer Price of 4,140 yen represents a premium of 45.83% on 2,839 yen, the closing price of the Target Company Shares on the Standard Market of the TSE on August 7, 2025 (which is the business day preceding the announcement date of the implementation of the Tender Offer), a premium of 46.19% on 2,832 yen, the simple average closing price of the Target Company Shares for the one-month period ending on that date, a premium of 49.67% on 2,766 yen, the simple average closing price of the Target Company Shares for the three-month period ending on that date, and a premium of 47.54% on 2,806 yen, the simple average closing price of the Target Company Shares for the six-month period ending on that date.

(ii) Share Acquisition Rights

As of today, the exercise price of the Share Acquisition Rights per Target Company Share (the Series 1 Share Acquisition Rights: 1 yen; the Series 3 Share Acquisition Rights: 1 yen; and the Series 4 Share Acquisition Rights: 1 yen) is less than the Tender Offer Price of 4,140 yen. Therefore, the Tender Offeror decided that the Share Acquisition Rights Tender Offer Price is to be an amount (the Series 1 Share Acquisition Rights: 41,390 yen; the Series 2 Share Acquisition Rights: 41,390 yen; the Series 3 Share Acquisition Rights: 41,390 yen; and the Series 4 Share Acquisition Rights: 41,390 yen) obtained by multiplying the difference between the Tender Offer Price of 4,140 yen and the exercise price per Share Acquisition Right (the Series 1 Share Acquisition Rights: 4,139 yen; the Series 2 Share Acquisition Rights: 4,139 yen; the Series 3 Share Acquisition Rights: 4,139 yen; and the Series 4 Share Acquisition Rights: 4,139 yen) by 10, which is the number of the Target Company Shares to be delivered upon the exercise of one Share Acquisition Right, respectively.

The Tender Offeror has not obtained a valuation report or a written opinion (a fairness opinion) from a third party-appraiser because the Tender Offeror decided on the Share Acquisition Rights Tender Offer Price as described above.

Note: In calculating the share value of the Target Company, Houlihan Lokey has assumed that all of the public information and the information provided to Houlihan Lokey are accurate and complete and that it did not independently verify the accuracy and completeness of such information. Also, Houlihan Lokey has not conducted an independent evaluation, appraisal or assessment, nor has it made any request to a third-party institution for any appraisal, or assessment, with respect to any assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Target Company, including any analysis or evaluation of individual assets and liabilities. In addition, Houlihan Lokey has assumed that there are no material facts, lawsuits, disputes, environmental, tax or other contingent liabilities, or off-balance-sheet assets and liabilities that have not been disclosed to the Target Company in the Tender Offeror's Share Valuation Report. Houlihan Lokey assumed that the Tender Offeror made certain adjustments to the Business Plan provided by the Target Company, and that the financial forecast of the Target Company that the

Tender Offeror approved the use by Houlihan Lokey, had been reasonably prepared based on the best projections and judgment that were currently available to the Tender Offeror's management. The calculation by Houlihan Lokey reflects the information and economic condition obtained by Houlihan Lokey before August 7, 2025. Houlihan Lokey conducted calculation only for the purpose of the board of directors of the Tender Offeror referring to such calculation upon examining the share value of the Target Company.

(B) Background of valuation

(Background of the decision on the Tender Offer Price and the Share Acquisition Rights Tender Offer Price)

Please refer to "(A) Background, purpose, and decision-making process with respect to the Tender Offeror deciding to conduct the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Tender Offer" above.

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

Please refer to "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest" in "1. Purpose of the Tender Offer" above.

(C) Relationship with the appraiser

Houlihan Lokey, which is the Tender Offeror's financial advisor (appraiser), is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer.

(6) Number of Share Certificates, Etc. to Be Purchased

Class of Share Certificates, Etc.	Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
Common shares	4,324,138 shares	2,308,100 shares	– shares
Total	4,324,138 shares	2,308,100 shares	– shares

Note 1: If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of share certificates, etc. to be purchased (2,308,100 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 greater than the minimum number of share certificates, etc. to be purchased (2,308,100 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

- Note 2: Because the Tender Offeror has not set a maximum number of share certificates, etc. to be purchased in the Tender Offer, the number of share certificates, etc. to be purchased is stated as the maximum number of Target Company Shares that may be purchased by the Tender Offeror in the Tender Offer (4,324,138 shares). This number is the number of shares (4,324,138 shares) representing (i) the Total Number of Shares (Fully Diluted Basis) (6,027,638 shares) minus (ii) the number of Target Company Shares (1,703,500 shares) held by the Tender Offeror as of today.
- Note 3: Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own treasury shares during the Tender Offer Period in accordance with procedures under laws and regulations.
- Note 4: The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.
- Note 5: The Target Company Shares issued or transferred through the exercise of the Share Acquisition Rights up to the last day of the Tender Offer Period are also subject to the Tender Offer.

(7) Changes in Ownership Ratio of Share Certificates, Etc. Due to the Tender Offer

Number of voting rights represented by the share certificates, etc. held by the Tender Offeror before the Tender Offer	17,035 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 28.26%)
Number of voting rights represented by the share certificates, etc. held by specially related parties before the Tender Offer	108 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.18%)
Number of voting rights represented by the share certificates, etc. held by the Tender Offeror after the Tender Offer	60,276 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 100.00%)
Number of voting rights represented by the share certificates, etc. held by specially related parties after the Tender Offer	– voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: –%)

Total number of voting rights of all shareholders, etc. of the Target Company	59,761 voting rights	
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Note 1: “Number of voting rights represented by the share certificates, etc. held by specially related parties before the Tender Offer” states the total number of voting rights represented by share certificates, etc. held by each specially related party (except for persons excluded from specially related parties under Article 3(2)(i) of the Cabinet Ordinance with Respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror Other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended, the “**Cabinet Ordinance**”) for the purpose of calculating the ownership ratio of share certificates, etc. under each item of Article 27-2(1)). Since share certificates, etc. held by the specially related parties (excluding the treasury shares held by the Target Company) are subject to the purchase, “Number of voting rights represented by the share certificates, etc. held by specially related parties after the Tender Offer” is stated as “0.” If it is necessary for the Tender Offeror to revise the statement above upon confirming the share certificates, etc. of the Target Company held by specially related parties in the future, the Tender Offeror will promptly disclose the revised details.

Note 2: “Number of voting rights represented by the share certificates, etc. held by the Tender Offeror after the Tender Offer” is the number of voting rights equal to the sum of the number of voting rights (43,241) represented by the number of shares to be purchased (4,324,138 shares) in the Tender Offer as stated in “(6) Number of Share Certificates, Etc. to Be Purchased” above plus the “Number of voting rights represented by the share certificates, etc. held by the Tender Offeror before the Tender Offer.”

Note 3: “Total number of voting rights of all shareholders, etc. of the Target Company” is the number of voting rights of all shareholders, etc. of the Target Company as of March 31, 2025 stated in the annual securities report for the 125th fiscal year submitted by the Target Company on June 19, 2025 (based on the number of shares per unit being 100 shares). However, since the shares less than one unit (excluding the treasury shares less than one unit held by the Target Company) and the Share Acquisition Rights are subject to the Tender Offer, when calculating “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer,” the number of voting rights (60,276) represented by the Total Number of Shares (Fully Diluted Basis) (6,027,638 shares) is used as the denominator.

Note 4: “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” have been rounded to two decimal places.

(8) Purchase Price

17,901,924,730 yen

Note: The purchase price is, in the Tender Offer, the sum (24,276,010 yen) of (i) the amount obtained by multiplying the number of shares (4,317,455 shares) equal to the total number of issued shares of the Target Company (6,056,939 shares) as of June 30, 2025 stated in the Target Company’s Financial Results less the

total number of the Target Company Shares (1,703,500 shares) that the Tender Offeror holds as of June 30, 2025 and the number of the treasury shares (35,891 shares) that the Target Company holds as of June 30, 2025 by the Tender Offer Price (4,140 yen) and (ii) the amount obtained by multiplying the number of the Share Acquisition Rights (659 share acquisition rights) by the Share Acquisition Rights Tender Offer Price (41,390 yen).

(9) Method of Settlement

(A) Name and address of head office of securities company or bank, etc. in charge of settlement of tender offer

Mizuho Securities Co., Ltd.

1-5-1, Otemachi, Chiyoda-ku, Tokyo

Rakuten Securities, Inc. (tender offer subagent)
Minato-ku, Tokyo

2-6-21, Minami-Aoyama,

(B) Commencement date of settlement

September 30, 2025 (Tuesday)

(C) Method of settlement

In the case of tendering share certificates, etc. through Mizuho Securities Co., Ltd.:

A notice regarding the purchase under the Tender Offer will be mailed to the address of shareholders who tender their shares in the Tender Offer (the “**Tendering Shareholders, Etc.**”) (or the standing proxy in the case of shareholders residing in foreign countries (including corporate shareholders, etc.; the “**Foreign Shareholders**”) without delay after the expiration of the Tender Offer Period.

The purchase will be settled in cash. The tender offer agent will remit the sales proceeds of the share certificates, etc. purchased to the address designated by the tendering shareholders, etc. (or the standing proxy in the case of non-resident shareholders) in accordance with the instructions given by the tendering shareholders, etc. (or the standing proxy in the case of non-resident shareholders) or to the account of the tendering shareholders, etc. with the tender offer agent through which the share certificates, etc. were tendered without delay after the commencement date of the settlement.

In the case of tendering share certificates, etc. through Rakuten Securities, Inc.:

A notice regarding the purchase under the Tender Offer will be delivered to the tendering shareholders, etc. by electromagnetic means without delay after the expiration of the Tender Offer Period. The purchase will be settled in cash. The tender offer subagent will remit the sales proceeds of the share certificates, etc. purchased to the account of the tendering shareholders, etc. with the tender offer subagent without delay after the commencement date of the settlement.

(D) Method of return of share certificates, etc.

In the case of tendering share certificates, etc. through Mizuho Securities Co., Ltd.:

In the event that none of the Tendered Share Certificates, Etc. will be purchased under the terms set forth in “(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “(10) Other Conditions and Methods of Purchase” below, the tender offer agent will return the share certificates, etc. that are required to be returned promptly after the date two business days after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer). With respect to the Target Company Shares, the Target Company Shares will be restored to their original state at the time of tendering. With respect to the Share Acquisition Rights, the documents submitted at the time of tendering of the Share Acquisition Rights are to be delivered to the Tendering Shareholders, Etc. or mailed to the address of the Tendering Shareholders, Etc. in accordance with the instructions given by each Tendering Shareholder, Etc.

In the case of tendering share certificates, etc. through Rakuten Securities, Inc.:

In the event that none of the Tendered Share Certificates, Etc. will be purchased under the terms set forth in “(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “(10) Other Conditions and Methods of the Tender Offer” below, the tender offer subagent will return the share certificates, etc. that are required to be returned promptly after the date two business days after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer).

(10) Other Conditions and Methods of the Tender Offer

(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

The Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. if the total number of the Tendered Share Certificates, Etc. is less than the minimum number of share certificates, etc. to be purchased (2,308,100 shares). The Tender Offeror will purchase all of the Tendered Share Certificates, Etc. if the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of share certificates, etc. to be purchased (2,308,100 shares).

(B) Conditions of withdrawal, etc. of tender offer, details thereof and method of disclosure of withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)10 and Items (1)13 through (1)19, Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “**Enforcement Order**”) occurs, the Tender Offeror may withdraw the Tender Offer. The “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order refers to (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should

have been stated but the Tender Offeror was not aware of the existence of such false statement, etc. nor could the Tender Offeror have been aware of such false statement, etc. even with reasonable care, and (ii) the case where any of the facts listed in Article 14, Paragraph 1, Items (3)1 through (3)7 occurs in respect of a significant subsidiary of the Target Company.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

(C) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the purchase price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Tender Offeror intends to reduce the purchase price, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the purchase price is reduced, the Tender Offeror will also purchase the share certificates, etc. tendered on or before the date of the public notice at the reduced purchase price.

(D) Matters concerning right of tendering shareholders, etc. to cancel agreements

In the case of tendering share certificates, etc. through Mizuho Securities Co., Ltd.:

The tendering shareholders, etc. may, at any time during the Tender Offer Period, cancel their agreements for the Tender Offer.

A tendering shareholder, etc. who wishes to cancel an agreement must deliver or send a notice stating the intention to cancel the agreement for the Tender Offer (a “**Cancellation Document**”) to the head office or any domestic branch office of the tender offer agent that accepted the tendering by no later than 3:00 p.m. on the last day of the Tender Offer Period. The cancellation of such agreement will take effect at the time when the Cancellation Document is delivered to or reaches the tender offer agent. Accordingly, tendering shareholders, etc. should be aware that when sending a Cancellation Document, the tendering shareholders, etc. may not cancel the agreement unless the Cancellation Document reaches the tender offer agent by no later than 3:00 p.m. on the last day of the Tender Offer Period.

Party authorized to receive Cancellation Documents:

Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

(or any other domestic branch office of Mizuho Securities Co., Ltd.)

In the case of tendering shares through Rakuten Securities, Inc.:

The tendering shareholders, etc. may, at any time during the Tender Offer Period, cancel their agreements for the Tender Offer. To cancel an agreement, the tendering shareholders, etc. should complete the cancellation procedures by 3:30 p.m. on the last day of the Tender Offer Period by logging in to the website of the subagent (<https://www.rakuten-sec.co.jp/>) and selecting “Japanese Shares” to access the “Tender Offer Bid (TOB)” screen.

Party authorized to receive cancellation requests:

Rakuten Securities, Inc. 2-6-21, Minami-Aoyama, Minato-ku, Tokyo

The Tender Offeror will not make any claim for damages or penalty payments due to the tendering shareholders, etc. canceling their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the tendering shareholders, etc. will be borne by the Tender Offeror. If the Tender Offeror receives a request for cancellation, the Tendered Share Certificates, Etc. will be returned to the relevant tendering shareholder, etc. by the methods described in “(D) Method of return of share certificates, etc.” in “(9) Method of Settlement” above promptly after the procedures for the request for cancellation are completed.

(E) Method of disclosure if conditions of tender offer are changed

The Tender Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13, Paragraph 2 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc. of the Tender Offer are changed, the Tender Offeror will also purchase the share certificates, etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of disclosure if amendment statement is filed

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the tendering shareholders, etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to tendering

shareholders, etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

(G) Method of disclosure of results of tender offer

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(H) Other matters

The Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, facsimile, email, Internet communication, telex, and telephone), nor through any stock exchange facilities in the United States. No tender in the Tender Offer may be made through any of the aforementioned methods or means, through those stock exchange facilities, or from the United States

In addition, neither the tender offer registration statement for the Tender Offer nor other relevant documents will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender in the Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted.

When applying for the Tender Offer, the tendering shareholder, etc. (or the standing proxy in the case of non-resident shareholders) may be required to provide the tender offer agent with the representations and warranties listed below:

The tendering shareholder, etc. is not located in the United States both at the time of applying for the Tender Offer and at the time of sending an application form for the Tender Offer. The tendering shareholder, etc. has not, directly or indirectly, received or sent any information (including its copies) related to the Tender Offer to, in, or from the United States. The tendering shareholder, etc. has not used, directly or indirectly, in connection with the Tender Offer or the provision of his/her signature to the application form for the Tender Offer or delivery thereof, the U.S. postal mail services or any other interstate or international commercial methods or means (including, but not limited to, facsimile, email, Internet communication, telex, and telephone) or any stock exchange facilities in the United States. The tendering shareholder, etc. is not acting as an agent, entrustee or delegate, without discretion, of another entity (except where such other entity provides the tendering shareholder, etc. with all instructions relating to the Tender Offer from outside the United States).

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

August 12, 2025 (Tuesday)

(12) Tender Offer Agent

Mizuho Securities Co., Ltd.

1-5-1, Otemachi, Chiyoda-ku, Tokyo

The tender offer agent has appointed the tender offer subagent specified below in order to subcontract a part of its administrative services.

Rakuten Securities, Inc. (tender offer subagent) 2-6-21, Minami-Aoyama,
Minato-ku, Tokyo

3. Policies After the Tender Offer and Future Prospects

Please refer to “(2) Background, Purpose, and Decision-Making Process with Respect to Conducting the Tender Offer, and Management Policy After the Tender Offer,” “(4) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the “Two-Step Acquisition”),” and “(5) Prospects and Reasons for Delisting” in “1. Purpose of the Tender Offer” above for the Tender Offeror’s policies after the Tender Offer.

4. Other Matters

- (1) Agreements Between the Tender Offeror and the Target Company or Its Officers, and the Contents Thereof

- (A) Support for the Tender Offer

According to the Target Company’s Press Release, the Target Company resolved at its board of directors meeting held on August 8, 2025 to express an opinion in support of the Tender Offer and to recommend that its shareholders and the Share Acquisition Rights Holders tender their share certificates, etc. in the Tender Offer.

For the details of the Target Company’s decision making, please refer to the Target Company’s Press Release and “(F) Approval of all disinterested directors of the Target Company and opinion of all disinterested audit & supervisory board members of the Target Company that they have no objection” in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and Measures to Avoid Conflicts of Interest” in “1. Purpose of the Tender Offer” above.

- (2) Other Information Deemed Necessary for Investors to Decide Whether or Not to Tender Share Certificates, Etc. in Response to the Tender Offer

- (A) Release of “Summary of Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)”

The Target Company released the “Summary of Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)” through the Tokyo Stock Exchange on August 8, 2025. An outline of the Target Company’s Financial Results based on the announcement is as follows. The matters disclosed in the announcement have not been subject to a quarterly review by an audit firm under the provisions of Article 193-2, Paragraph 1 of the Act. Please refer to the actual disclosure for details.

(i) Profits and losses (Consolidated)

Fiscal year	Fiscal year ending March 2026 (First-quarter cumulative period)
Net sales	16,782 million yen
Cost of sales	14,312 million yen
Selling, general and administrative expenses	1,813 million yen
Non-operating income	156 million yen
Non-operating expenses	70 million yen
Profit attributable to owners of parent	180 million yen

(ii) Profit and loss per share (Consolidated)

Fiscal year	Fiscal year ending March 2026 (First-quarter cumulative period)
Net income per share	29.94 yen
Dividend per share	-

(B) Announcement of “Notice Regarding Revisions to Dividend Forecast for the Fiscal Year Ending March 2026 (No Dividend)”

The Target Company resolved at its board of directors meeting held on August 8, 2025 to revise the dividend forecast for the fiscal year ending March 2026 and not to pay any interim dividend or year-end dividend for that fiscal year on the condition that the Tender Offer is successfully completed. Please refer to the actual announcement for details.

(C) Announcement of “Notice Regarding Recording of Extraordinary Loss”

At the meeting of the board of directors of the Target Company held on August 8, 2025, the Target Company recorded extraordinary loss for the consolidated cumulative periods for the first quarter of the fiscal year ending 2026 (from April 1, 2025 to June 30, 2025). For the details, please refer to the “Notice Regarding Recording of Extraordinary Loss” announced by the Target Company today.

End

Regulation on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting the sale of shares. If shareholders and share acquisition rights holders wish to make an offer to sell their share certificates, etc., they should first read the tender offer explanatory statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of an offer to buy, any securities. In addition, neither this press release (nor any part of it) nor the fact of its distribution shall form the basis of any agreement regarding the Tender Offer, nor shall it be relied on in connection with executing any such agreement.

Forward-Looking Statements

This press release may contain forward-looking expressions, such as “expect,” “forecast,” “intend,” “plan” “believe” and “anticipate,” including expressions regarding future business of the Tender Offeror, the Target Company, and other companies. These expressions are based on the Tender Offeror’s current business outlook and are subject to change depending on future circumstances. The Tender Offeror assumes no obligation to update these expressions concerning forward-looking statements in this press release to reflect factors such as actual business performance, various future circumstances and conditions, and changes to terms and conditions.

U.S. Regulation

The Tender Offer by the Tender Offeror will not be conducted in the United States or targeted at the United States or any U.S. person (meaning a “U.S. person” as stipulated in Regulation S under the U.S. Securities Act of 1933; the same applies in this paragraph below) unless the Tender Offeror will be able to conduct the Tender Offer in compliance with the applicable U.S. laws, ordinances, and regulations. In this case, no tender of share certificates, etc. of the Target Company in the Tender Offer may be made through any directions, methods or means or through any facilities if such tendering is made in or within the United States, by a person who is located or resides in the United States, or by a person who acts for the account or benefit of a U.S. person.

Other Countries

Some countries or regions may impose restrictions on the announcement, issuance, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to purchase share certificates, etc. related to the Tender Offer and shall be deemed to be a distribution of materials for informative purposes only.