



July 25, 2025

To whom it may concern:

Company Name: PACIFIC INDUSTRIAL CO., LTD.
Name of Representative: Tetsushi Ogawa, President and Representative Director
(Securities code: 7250; Prime Market of the Tokyo Stock
Exchange, Premier Market of the Nagoya Stock
Exchange)
Contact Person: Satoshi Watanabe, Senior General Manager of Accounting
Department
(TEL 0584-93-0117)

Notice Regarding Implementation of MBO and Recommendation for Tender

PACIFIC INDUSTRIAL CO., LTD. (the “Company” or “we”) hereby announces that our board of directors (the “Board of Directors”) has adopted a resolution at a meeting of the Board of Directors held today that we will state our opinion in support of the tender offer (the “Tender Offer”) for ordinary shares issued by the Company (the “Company Shares”) and the Share Acquisition Rights (as defined in “2. Tender Offer Price” below, the same shall apply to the definition of each Share Acquisition Right; hereinafter the same) to be made by CORE Inc. (the “Offeror”) as part of a so-called management buyout (MBO) (Note), and that we will recommend that shareholders tender their shares in the Tender Offer, and leave the decision on whether to tender Share Acquisition Rights to the holders of the Share Acquisition Rights (the “Share Acquisition Rights Holders”), as follows.

The above resolution at the meeting of the Board of Directors has been adopted based on the assumption that the Offeror intends to acquire of all of the Company Shares and Share Acquisition Rights (including the Company’s shares with transfer restrictions (the “Restricted Shares”) that were granted to the Company’s directors and executive officers as restricted stock-based compensation and the Company Shares to be issued through the exercise of the Share Acquisition Rights, and excluding the treasury shares held by the Company and the Company Shares (the “Non-Tendered Shares”) held by Non-Tendering Shareholders (as defined below in “3. Details of, and grounds and reasons for, our opinion on the Tender Offer,” “(2) Grounds and reason for our opinion”; hereinafter the same)) and implement the Tender Offer as part of the “Transaction (as defined below in “3. Details of, and grounds and reasons for, our opinion on the Tender Offer,” “(2) Grounds and reason for our opinion”; hereinafter the same)).

(Note) The term “management buyout (MBO)” generally means transactions where the management of a target company invests all or part of the acquisition funds to acquire shares of the target company, on the premise of continuation of the target company’s business.

1. Outline of the Offeror

(1)	Name	CORE Inc.
(2)	Address	100 Kyutoku-Cho, Ogaki, Gifu (Note 1)
(3)	Representative's Title and Name	Tetsushi Ogawa, Representative Director (Note 2)
(4)	Business Activities	Acquisition and holding of the Company Shares and Share Acquisition Rights
(5)	Capital Stock	50,000 yen
(6)	Date Established	March 3, 2025
(7)	Major Shareholders and Shareholding Ratio	Tetsushi Ogawa 100%
(8)	Relationship between the Company and the Offeror	
	Capital Relationship	Mr. Tetsushi Ogawa, Representative Director of the Offeror, holds 116,127 shares of the Company Shares (Ownership Ratio (Note 3): 0.20%). In addition, Mr. Shinya Ogawa, Director of the Offeror, holds 1,573,305 shares of the Company Shares (Ownership Ratio: 2.72%).
	Personal Relationship	Mr. Tetsushi Ogawa, who is the Representative Director of the Offeror, concurrently serves as the Representative Director of the Company. Mr. Shinya Ogawa, who is the Director of the Offeror, concurrently serves as the Chairman and Representative Director of the Company.
	Business Relationship	N/A
	Applicability of Related Party	N/A

(Note 1) The Offeror is located at Hihome Takanawa 708, 4-23-6, Takanawa, Minato-ku, Tokyo as of July 23, 2025, the head office was relocated to 100 Kyutoku-Cho, Ogaki, Gifu on July 24, 2025, and said address change is in the process of application for registration as of today.

(Note 2) The Offeror's representative director at the time of its incorporation was Masahiro Nobukawa. Thereafter, Mr. Masahiro Nobukawa submitted a letter of resignation as director date d July 24, 2025 and Mr. Tetsushi Ogawa took office as the Offeror's representative director and Mr. Shinya Ogawa took office as the Offeror's director, and said change of representative director and director is in the process of application for registration.

(Note 3) "Ownership Ratio" means the ratio to the number of the Company Shares (i.e. 57,791,649 shares; the "Total Number of Shares Adjusted for Dilutive Shares") (any fraction less than one share is rounded to the second decimal number below zero; the same applies hereinafter with respect to the calculation of the Ownership Ratio), obtained by (i) adding the number of the Company Shares (i.e. 118,400 shares) underlying 1,184 units of Share Acquisition Rights remained outstanding as of June 30, 2025 to the total number of issued shares of the Company as of June 30, 2025 (i.e. 61,312,896 shares) set forth in the "Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2026 (Based on Japanese GAAP)" (the "Company's 1Q Summary Securities Report"), as published by the

Company today, and then (ii) subtracting the number of treasury shares held by the Company as of today (i.e. 3,639,647 shares) from the resulting figure (i.e. 61,431,296 shares).

(Note 4) The breakdown of the Share Acquisition Rights existing as of June 30, 2025 is as follows:

Name of Share Acquisition Rights	Number of units as of June 30, 2025 (units)	Number of Company Shares underlying (shares)
First Series of Share Acquisition Rights	227	22,700
Second Series of Share Acquisition Rights	173	17,300
Third Series of Share Acquisition Rights	122	12,200
Fourth Series of Share Acquisition Rights	176	17,600
Fifth Series of Share Acquisition Rights	167	16,700
Sixth Series of Share Acquisition Rights	128	12,800
Seventh Series of Share Acquisition Rights	86	8,600
Eighth Series of Share Acquisition Rights	105	10,500
Total	1,184	118,400

2. Tender Offer Price

- (1) 2,050 yen per share of the ordinary share (The price of tender offer, etc. per 1 share of the Company Share in this Tender Offer shall hereinafter collectively be referred to as the “Tender Offer Price.”)
- (2) Share Acquisition Rights (The share acquisition rights below in (i) to (viii) shall hereinafter collectively be referred to as the “Share Acquisition Rights.” Furthermore, the price of tender offer, etc. per 1 Share Acquisition Right in this Tender Offer shall hereinafter collectively be referred to as the “Share Acquisition Right Purchase Price.”)
 - (i) Share acquisition rights issued pursuant to the resolutions passed at the Company’s Board of Directors meeting held on June 18, 2011 (exercise period: from August 2, 2011 to July 31, 2061) (“First Series of Share Acquisition Rights”): 1 yen per 1 unit of Share Acquisition Right
 - (ii) Share acquisition rights issued pursuant to the resolutions passed at the Company’s Board of Directors meeting held on June 23, 2012 (exercise period: from August 2, 2012 to July 31, 2062) (“Second Series of Share Acquisition Rights”): 1 yen per 1 unit of Share Acquisition Right
 - (iii) Share acquisition rights issued pursuant to the resolutions passed at the Company’s Board of Directors meeting held on June 15, 2013 (“Third Series of Share Acquisition Rights”) (exercise period: from August 2, 2013 to July 31, 2063) (“Third Series of Share Acquisition Rights”): 1 yen per 1 unit of Share Acquisition Right

- (iv) Share acquisition rights issued pursuant to the resolutions passed at the Company's Board of Directors meeting held on June 14, 2014 (exercise period: from August 2, 2014 to July 31, 2064) ("Fourth Series of Share Acquisition Rights"): 1 yen per 1 unit of Share Acquisition Right
- (v) Share acquisition rights issued pursuant to the resolutions passed at the Company's Board of Directors meeting held on June 13, 2015 (exercise period: from August 4, 2015 to August 3, 2065) ("Fifth Series of Share Acquisition Rights"): 1 yen per 1 unit of Share Acquisition Right
- (vi) Share acquisition rights issued pursuant to the resolutions passed at the Company's Board of Directors meeting held on June 18, 2016 ("Sixth Series of Share Acquisition Rights") (exercise period: from August 2, 2016 to August 1, 2066) ("Sixth Series of Share Acquisition Rights"): 1 yen per 1 unit of Share Acquisition Right
- (vii) Share acquisition rights issued pursuant to the resolutions passed at the Company's Board of Directors meeting held on June 17, 2017 ("Seventh Series of Share Acquisition Rights") (exercise period: from August 2, 2017 to August 1, 2067) ("Seventh Series of Share Acquisition Rights"): 1 yen per 1 unit of Share Acquisition Right
- (viii) Share acquisition rights issued pursuant to the resolutions passed at the Company's Board of Directors meeting held on June 16, 2018 (exercise period: from August 2, 2018 to August 1, 2068) ("Eighth Series of Share Acquisition Rights"): 1 yen per 1 unit of Share Acquisition Right

3. Details of, and grounds and reasons for, our opinion on the Tender Offer

(1) Details of our opinion

The Company has adopted a resolution at the meeting of the Board of Directors held today to express an opinion in support of the Tender Offer, to recommend that shareholders tender their shares in the Tender Offer and leave the decision on whether to tender Share Acquisition Rights to the Share Acquisition Rights Holders' in the Tender Offer, based on the grounds and reasons described in "(2) Grounds and reasons for our opinion" below.

The above resolution of the Board of Directors was adopted by the method described in "[5] Approval of all Company directors (including Audit and Supervisory Committee Members) who do not have any interest" of "(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer"

(2) Grounds and reasons for our opinion

Descriptions related to the Offeror in this section are based on the explanation received from the Offeror.

[1] Tender Offer Overview

The Offeror is a *kabushiki kaisha* all issued shares of which are owned by Mr. Tetsushi Ogawa, who is the Representative Director and President and a shareholder of the Company (number of shares owned: 116,127 shares (Note 1); Ownership Ratio: 0.20%) as of today, and is a company which carries out a series of transactions (the "Transaction") aimed at privatizing the Company listed on the Tokyo Stock Exchange, Inc. ("TSE") Prime Market and Nagoya Stock Exchange, Inc. ("NSE") Premier Market, established on March 3, 2025, having as its primary business the acquisition and possession of the Company Shares and

the Share Acquisition Rights, and having Mr. Tetsushi Ogawa as its representative director. As of today, the Offeror does not hold any Company Shares or Share Acquisition Rights.

Note 1: The number of shares owned by Mr. Tetsushi Ogawa (116,127 shares) stated above includes (i) Restricted Shares(19,000 shares), (ii) the number of Company Shares underlying the Share Acquisition Rights (176 units: 17,600 shares), and (iii) the Company Shares indirectly owned through the Company's officers' stock ownership plan (13,832 shares) (rounded down to the nearest whole number, which are owned by Mr. Tetsushi Ogawa as of today. The same is said to apply to the number of shares owned by Mr. Tetsushi Ogawa referenced below.

The Offeror said that it decided to carry out the Tender Offer as part of the series of Transaction for the purpose of acquiring all of the Company Shares and Share Acquisition Rights (including the Restricted Shares and the Company Shares to be delivered upon exercise of the Share Acquisition Rights, and excluding treasury shares held by the Company and Non-Tendered Shares) and privatizing the Company Shares.

The Share Acquisition Rights were issued to the Company's directors and executive officers as stock-based compensation stock options, and (i) while the Share Acquisition Rights may be exercised only within ten days from the day after the day on which they lose their positions as a director or executive officer of the Company (or the next business day, if the tenth day falls on a holiday), during the exercise period of the Share Acquisition Rights (the aforementioned conditions for exercise upon loss of position are referred to hereinafter as "Conditions for Exercise Upon Loss of Position"), the Offeror will not be able to exercise those rights even if it acquires them, and (ii) none of the directors or executive officers of the Company, who are Share Acquisition Rights Holders, intend to exercise their Share Acquisition Rights upon fulfillment of the Conditions for Exercise Upon Loss of Position, the Company does not expect Share Acquisition Rights to be exercised during the Tender Offer Period, or the Company Shares to be issued or transferred to the Share Acquisition Rights Holders. As stated in section "(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)" below, if the Tender Offer is completed successfully, the Offeror said that it intends to request that the Company carry out procedures reasonably necessary for the execution of the Transaction, including acquisition of the Share Acquisition Rights, encouraging Share Acquisition Rights Holders to waive their Share Acquisition Rights and any other procedures, and if this request is made, the Company intends to cooperate with the request; therefore, it is not expected that the Share Acquisition Rights Holders will tender their Share Acquisition Rights in the Tender Offer.

According to the Offeror, since the Transaction will be conducted by the Offeror in whom Mr. Tetsushi Ogawa, the eldest son of Mr. Shinya Ogawa who is a member of the founding family and the Representative Director and Chairman of the Company, also a member of the founding family and the Representative Director and President of the Company invests, and Mr. Shinya Ogawa and Mr. Tetsushi Ogawa (hereinafter, Mr. Shinya Ogawa and Mr. Tetsushi Ogawa are referred to collectively as the "Founding Family Shareholders" or the "Ogawas") are well-versed in the Company's business and will continue to manage the Company after the Transaction, the Transaction qualifies as what is known as a management buyout (MBO). According to the Offeror, as of today, there is no agreement between the Offeror and other directors of the Company (including Audit and Supervisory Committee Members) on officer appointment

or treatment after completion of the Tender Offer, and, if the Tender Offer is completed, decisions on the post-Tender Offer management structure of the Company, including officers, are expected to be made through consultation with the Company.

In implementing the Tender Offer, the Offeror said that it agreed in writing today with Mr. Shinya Ogawa, the Representative Director and Chairman of the Company (number of shares owned: 1,573,305 shares (Note 2), Ownership Ratio: 2.72%) and Mr. Tetsushi Ogawa, the Representative Director and President of the Company (number of shares owned: 116,127 shares, Ownership Ratio: 0.20%) that they will not tender any of the Non-Tendered Shares owned by Mr. Shinya Ogawa (1,484,005 shares, ownership percentage: 2.57%) and the Non-Tendered Shares owned by Mr. Tetsushi Ogawa (98,527 shares, ownership percentage: 0.17%) in the Tender Offer, and that if the Tender Offer is completed successfully, they will exercise their voting rights in the same manner as the Offeror in accordance with the Offeror's instructions on the resolutions relating to the Squeeze-out Procedures (as defined below; the same applies hereinafter) at the Extraordinary General Shareholders Meeting (as defined in section "(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)" below; the same applies hereinafter) (these agreements collectively, "Non-Tendering Agreement (Founding Family)"). For details of the Non-Tendering Agreement, see section "4. Important Agreements Relating to the Tender Offer" below.

Note 2: According to the Offeror, the number of shares owned by Mr. Shinya Ogawa (1,573,305 shares) set forth above is said to include (i) Restricted Shares (25,600 shares), (ii) the number of the Company Shares underlying the Share Acquisition Rights (893 units: 89,300 shares), and (iii) the Company Shares indirectly owned through the Company's officers' stock ownership plan (13,856 shares) (rounded down to the nearest whole number, which are owned by Mr. Shinya Ogawa as of today. The same is said to apply below with regard to the number of shares owned by Mr. Shinya Ogawa.

Further, in implementing the Tender Offer, the Offeror has said that it agreed in writing today with the OGAWA Science and Technology Foundation, of which Mr. Shinya Ogawa serves as the Chairman (Representative Director), and Mr. Tetsushi Ogawa serves as the Vice Director (Executive Director) (the "Foundation") (the Founding Family Shareholders and Foundation are referred to collectively as the "Non-Tendering Shareholders") (number of shares owned: 1,000,000 shares; Ownership Ratio: 1.73%) that it will not tender any of the Non-Tendered Shares owned by the Foundation (1,000,000 shares; ownership percentage: 1.73%) in the Tender Offer and that if the Tender Offer is completed successfully, the Foundation will exercise its voting rights in the same manner as the Offeror in accordance with the Offeror's instructions on the resolutions relating to the Squeeze-out Procedures at the Extraordinary General Shareholders Meeting ("Non-Tendering Agreement (Foundation)"). For details of the Non-Tendering Agreement (Foundation), see section "4. Important Agreements Relating to the Tender Offer" below. In order to avoid suspicion of a conflict of interest and to eliminate arbitrariness in the decision-making process of the Foundation in the execution and implementation of the Non-Tendering Agreement (Foundation), the Ogawas are said to have not participated in any deliberations or resolutions by the Foundation's executive board in connection with the Non-Tendering Agreement (Foundation), nor have they participated in any discussions or negotiations with the Offeror in their capacities as representative director and executive director of the Foundation.

The Offeror said that it has set the minimum number of shares planned for purchase in the Tender Offer at 35,841,900 shares (Ownership Ratio: 62.02%), and that in the event that the total number of share certificates, etc. tendered in the Tender Offer (“Tendered Share Certificates, etc.”) does not reach the minimum number of shares planned for purchase (35,841,900 shares), the Offeror will not purchase any of the Tendered Share Certificates, etc. Meanwhile, because the purpose of the Tender Offer is to delist the Company Shares, the Offeror said that it has not set the maximum number of shares planned for purchase in the Tender Offer, and as long as the total number of Tendered Share Certificates, etc. is at or above the minimum number of shares planned for purchase (35,841,900 shares), it will purchase all the Tendered Share Certificates, etc.. According to the Offeror, the minimum number of shares planned for purchase (35,841,900 shares) is obtained by multiplying the number of voting rights (576,732) attached to the number of shares obtained by deducting the number of the Company Shares (57,673,249 shares) underlying the total of 1,184 units of Share Acquisition Rights that exist as of June 30, 2025 as reported by the Company (118,400 shares) from the Total Number of Shares After Considering Potential Shares (57,791,649 shares) (Note 3) by two-thirds (resulting in 384,488, rounded up to the nearest whole number), subtracting from this product the total number of voting rights (25,825) attached to the Company Shares owned by Non-Tendering Shareholders and the number of voting rights (244) attached to the number of shares owned by the Company’s directors other than the Non-Tendering Shareholders (Founding Family) as of June 30, 2025 among the Restricted Shares (91,900 shares) existing as of June 30, 2025 as reported by the Company (total: 24,400 shares; Ownership Ratio: 0.04%)(Note 4), and multiplying that result (358,419) by 100, which is the number of shares in one share unit of the Company. According to the Offeror, the reason for setting such minimum number of shares planned for purchase is as follows: the object of the Transaction is to delist the Company Shares, and given that implementation of the procedures for consolidation of the Company Shares discussed below in section “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” (“Share Consolidation”) will require a special resolution of a general shareholders meeting specified in the Companies Act (Act No. 86 of 2005; as amended; “Companies Act”), Article 309, Paragraph 2, the minimum number of shares planned for purchase was set to make it certain that the Transaction can be implemented. Furthermore, the Offeror said that the Offeror and the Non-Tendering Shareholders have agreed that the Non-Tendering Shareholders will not tender their shares in the Tender Offer and that they will support the resolutions relating to Squeeze-out Procedures at the Extraordinary General Shareholders Meeting if the Tender Offer is completed successfully; therefore the Non-Tendered Shares are subtracted from the aforementioned calculation of the number of voting rights.

Note 3: In terms of the number of Company Shares underlying the Share Acquisition Rights, (i) while Share Acquisition Rights Holders are entitled to exercise their Share Acquisition Rights only within ten days from the day after the day on which they lose their positions as a director or executive officer of the Company (or the next business day, if the tenth day falls on a holiday), during the exercise period for the Share Acquisition Rights under the Conditions for Exercise Upon Loss of Position, according to the Company, Share Acquisition Rights Holders include directors and executive officers of the Company, and none of them intend to exercise their Share Acquisition Rights upon fulfillment of the Conditions for Exercise Upon Loss of Position; therefore, the Company does not expect Share Acquisition Rights to be exercised during the Tender Offer Period, or the Company

Shares to be issued or transferred to the Share Acquisition Rights Holders. Further, according to the Offeror, (ii) as stated in section “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” below, if the Tender Offer is completed successfully, the Offeror intends to request that the Company carry out procedures reasonably necessary for the execution of the Transaction, including acquisition of the Share Acquisition Rights, encouraging Share Acquisition Rights Holders to waive their Share Acquisition Rights any other procedures, and if this request is made, the Company intends to cooperate with the request. Therefore, the number of Company Shares underlying the Share Acquisition Rights is said to have not been taken into consideration when establishing the minimum number of shares to be purchased.

Note 4: The Restricted Shares cannot be tendered in the Tender Offer due to the restrictions on transfer; however, at the meeting of the Company’s Board of Directors held today, the Company passed a resolution indicating that the Company will express an opinion in support of the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer. The Company’s directors who are owners of the Restricted Shares have responded that if the Tender Offer is completed successfully, they will support the Squeeze-out Procedures, and therefore, the number of voting rights pertaining to the number of Restricted Shares held by the Company’s directors is deducted when considering the minimum number of shares planned for purchase.

According to the Offeror, if the Tender Offer is completed successfully, the Offeror plans to carry out procedures for a capital increase through third-party allotment of class A preferred shares (shares with no voting rights) (Note 5) with Development Bank of Japan Inc. (“DBJ”), the Ogaki Kyoritsu Bank, Ltd. (number of shares owned: 2,671,093 shares; ownership percentage: 4.62%), and the Juroku Bank, Ltd. (number of shares owned: 2,619,956 plants; ownership percentage: 4.53%) as the allottees and a capital increase through third-party allotment of class B preferred shares (shares with no voting rights) (Note 6) with DBJ as the allottee during the period up to the settlement of the Tender Offer for purposes of applying the funds procured thereby to the funds required for the implementation of the Transaction (collectively, “Third-Party Allotment Capital Increase”). Further, in addition to the Third-Party Allotment Capital Increase, the Offeror plans to obtain a loan (“Loan”) from MUFG Bank, Ltd. (“MUFG Bank”), and intends to apply those funds to the settlement funds, etc., for the Tender Offer. The lending terms and conditions for the Loan are said to be stipulated in a loan agreement for the Loan upon separate discussion with MUFG Bank whereunder the loan agreement for the Loan, certain assets, including the Company Shares that the Offeror is to acquire in the Tender Offer are expected to be provided as collateral.

Note 5: According to the Offeror, class A preferred shares are shares with no voting rights and preferred shares with a provision that entitles the holders thereof to receive dividends of surplus and distributions of residual assets in preference to ordinary shares, and include put options (right of the shareholders of class A preferred shares to request that the Offeror acquire the class A preferred shares in exchange for money) and acquisition clauses (right of the Offeror to acquire class A preferred shares from the shareholders of class A preferred shares in exchange for money); however, they do not include the right to request conversion to ordinary shares (right of the shareholders of class A preferred shares to request the delivery of the Offeror’s ordinary shares in exchange for the Offeror’s acquisition of class A preferred shares).

Note 6: According to the Offeror, class B preferred shares are shares with no voting rights and preferred

shares with a provision that entitles the shareholders thereof to receive dividends of surplus and distribution of residual assets in preference to ordinary shares, and include put options (right of the shareholders of class B preferred shares to request that the Offeror acquire the class B preferred shares in exchange for money), acquisition clauses (right of the Offeror to acquire class B preferred shares from the shareholders of class B preferred shares in exchange for money), and the right to request conversion to ordinary shares (right of the shareholders of class B preferred shares to request the delivery of the Offeror's ordinary shares in exchange for the Offeror's acquisition of class B preferred shares).

According to the Offeror, if it is unable to acquire all of the Company Shares and Share Acquisition Rights through the Tender Offer (including Restricted Shares and Company Shares to be delivered upon exercise of Share Acquisition Rights and excluding treasury shares held by the Company and Non-Tendered Shares), after the Tender Offer is completed successfully, it will carry out a series of procedures designed to make the Offeror and the Non-Tendering Shareholders the sole shareholders of the Company ("Squeeze-out Procedures;" for details, see section "(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)" below).

According to the Offeror, it intends to eventually become the sole shareholder of the Company, and as a means for achieving such objective, it plans to carry out, on the condition of completion of the Squeeze-out Procedures, a share swap with the ordinary shares of the Offeror as consideration ("Share Swap"), having the Offeror as the wholly-owning parent after the Share Swap and the Company as a wholly-owned subsidiary after the Share Swap, and in terms of the Foundation, after the effectuation of the Share Swap, the Offeror is intended not to hold any ordinary shares of the Offeror, and to carry out necessary procedure to hold only class C preferred shares of the Offeror ("Share Swap and Other Relevant Actions"); the details are said to have not yet been determined as of today (Note 7, Note 8, Note 9, and Note 10).

However, according to the Offeror, if as a result of the Tender Offer, there are shareholders who own at least the same number of Company Shares as the Company Shares held by any of the Non-Tendering Shareholders, or if those shareholders are expected to exist at the time the Share Consolidation takes effect, in order to ensure that those shareholders no longer are shareholders of the Company after the Share Consolidation takes effect, the Offeror intends to request that the Company carry out the Share Consolidation at a share consolidation ratio in which the number of Company Shares held by those shareholders will become fractions equal to less than one share. In this case, as soon as practicably possible after the completion of the Share Consolidation, the Non-Tendering Shareholders who no longer remain shareholders of the Company intend to reinvest in the Offeror the full amount of money received from the Company as consideration for their Company Shares as a result of the Share Consolidation (provided that taxes, other public charges, and reasonable expenses will be deducted). Among the shareholders who no longer remain shareholders of the Company ("Reinvestment"), and among the Non-Tendering Shareholders who will no longer remain shareholders of the Company, the Offeror intends to allot ordinary shares of the Offeror to Founding Family Shareholders, and to allot class C preferred shares, which are shares of the Offeror with no voting rights, to the Foundation (Note 7, Note 8, and Note 9)

Note 7: The Founding Family Shareholders are said to be scheduled to acquire the ordinary shares of the Offeror through Share Swap and Other Relevant Actions or Reinvestment. Nevertheless, it is said

that (i) when determining the Share Swap ratio for the Share Swap or the payment amount per Offeror share in the Reinvestment, the value of the Company Shares is expected to be set at the Share Swap ratio or a payment amount that will not be more favorable than the actual Tender Offer Price, after being evaluated at the same price per share as the Tender Offer Price (as defined in section “2 The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” below; hereinafter the same) (however, it is said that if a share consolidation is implemented as a Squeeze-out Procedure, the value of the Company Shares are scheduled to be adjusted as a formality, based on the percentage of Company Shares in the share consolidation, and (ii) the purpose of the Share Swap and Other Relevant Actions and Reinvestment is for the Founding Family Shareholders who plan, after the Transaction, to continue to engage in the management or business of the Company to have, through the ownership of the Offeror shares, a shared incentive towards enhancing the corporate value of the Company after the Transaction, and the Share Swap is not seen as the same as consideration for tendering shares in the Tender Offer; therefore, it does not contravene the intent behind the stipulations on uniformity of the tender offer price (Article 27-2, Paragraph 3 of the Act; hereinafter the same).

Note 8: The Foundation is said to be scheduled to acquire class C preferred shares of the Offeror through the Share Swap and Other Relevant Actions or Reinvestment, and class C preferred shares which are shares with no voting rights and preferred shares with a provision that entitles the shareholders thereof to receive dividends of surplus in preference to ordinary shares in an amount up to 60 million yen per year, and do not include put options (right of the shareholders of class C preferred shares to request that the Offeror acquire the class C preferred shares in exchange for ordinary shares, money or the like), and the right to request conversion to ordinary shares (right of the shareholders of class C preferred shares to request the delivery of the Offeror’s ordinary shares in exchange for the Offeror’s acquisition of class C preferred shares). The Foundation is said to be a public interest incorporated foundation, which intends to contribute to the promotion of science and technology and the development of local economies by engaging in businesses that support and promote research and development related to technology and manufacturing, to which a public interest corporation authorization has been granted under the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006, as amended) for the purpose of (i) supporting academic research, technological development, international exchange, etc., (ii) supporting and holding lectures, presentations, exhibitions, etc., (iii) honoring remarkable achievements, (iv) engaging in business, for example, to support scholarships and the like for nurturing and education, and (v) other businesses necessary to achieve the purpose of the foundation. It is said that the continuation of the Foundation’s business as currently conducted will lead to the development of future technology through the provision of support or the like for research and development and other relevant matters related to production and manufacturing technology, social infrastructure, IT information, the environment and energy, and design. Therefore, the Offeror said that it has been decided that, the Foundation will hold the Company Shares indirectly, through an investment in the Offeror, even after the implementation of the Transaction, while the Offeror will hold all of the Company Shares (excluding treasury shares held by the Company), and the Offeror will issue class C preferred shares, which are shares with no voting rights, to the Foundation, as stated above, so that the capital structure ensures that the

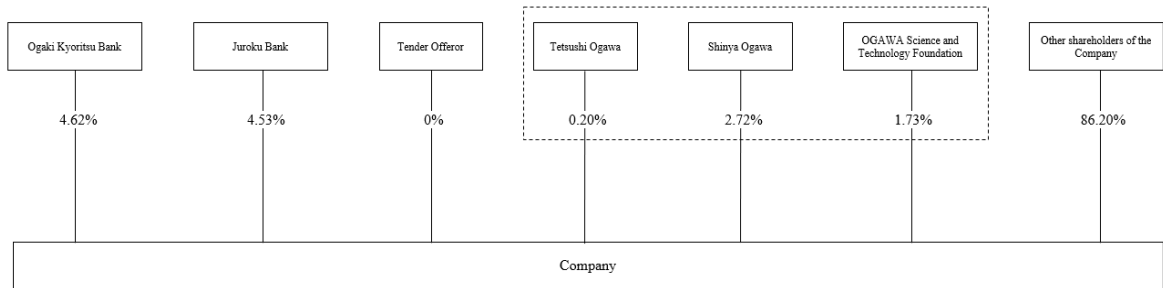
Founding Family Shareholders hold all the voting rights in the Offeror, and the Offeror has agreed with the Foundation on the Share Swap and Other Relevant Actions and the Reinvestment. The Offeror said that it believes that the acquisition of class C preferred shares by the Foundation does not contravene the intent behind the principle of uniformity of the tender offer price because (i) when determining the payment amount per class C preferred share, the value of the Company Shares is expected to be set at a payment amount that will not be more favorable than the actual Tender Offer Price, after being evaluated at the same price per share as the Tender Offer Price (however, if a share consolidation is implemented as a Squeeze-out Procedure, the value of the Company Shares are said to be scheduled to be adjusted as a formality, based on the percentage of Company Shares in the share consolidation, (ii) although class C preferred shares have a provision that entitles the shareholders thereof to receive dividends of surplus in preference to ordinary shares up to 60 million yen per year as stated above, there currently are no specific plans for the Offeror to pay dividends of surplus for class C preferred shares, and whether those dividends will be paid in the future will be determined by the shareholders who have voting rights of in the Offeror, taking into account the Company's business condition, financial condition, market conditions, and other factors after the Transaction has been implemented, and the Foundation, which does not have voting rights of the Offeror, cannot be involved in the decision whether to pay those dividends, and class C preferred shares do not include the right to convert to ordinary shares, and (iii) as stated above, the Share Swap and Other Relevant Actions or the Reinvestment will be carried out for the purpose of engaging the Foundation in the Company even after the execution of the Transaction through investment in the Offeror, since the continuation of the Foundation's business as currently conducted will lead to the development of future technology through providing support or the like for research and development and other relevant matters related to production and manufacturing technology, social infrastructure, IT information, environment and energy, and design, and the acquisition of class C preferred shares by the Foundation was considered independently of the advisability of the Foundation's not tendering in the Tender Offer.

Note9: According to the Offeror, subject to the implementation of the Share Swap and Other Relevant Actions or the Reinvestment, the Offeror will carry out a third-party allotment of common shares to be allotted to DBJ of up to 5% of the total number of issued and outstanding ordinary shares of the Offeror ("DBJ Ordinary Shares Contribution") after the Share Swap and Other Relevant Actions or the Reinvestment or DBJ Ordinary Shares Contribution aside from the contribution of preferred shares (shares with no voting rights) through the Third-Party Allotment Capital Increase, after completion of the Transaction. It is said that the DBJ Ordinary Shares Contribution is intended to leverage DBJ's knowledge of problem solving and value creation in the industrial and infrastructure fields that DBJ has cultivated, and to give DBJ a shared incentive to enhance the corporate value of the Company after the Transaction with the Founding Family Shareholders. It is said that as of today, the timing and specific conditions of implementation have not yet been decided.

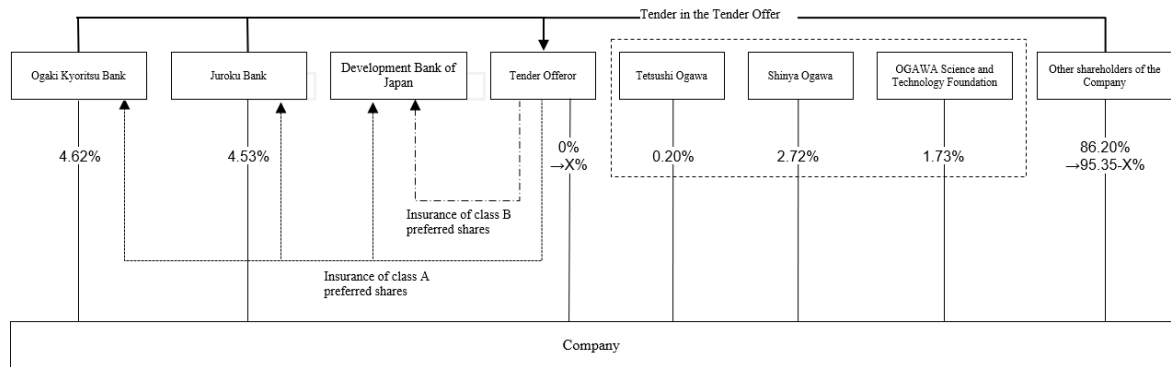
Note 10: As a result of the Share Swap and Other Relevant Actions, the Reinvestment and the DBJ Ordinary Shares Contribution, the ratio of the Ogawas to the total voting rights of the Offeror (the "Offeror's Voting Rights Ratio") is intended to be 95%, the Offeror's Voting Rights Ratio of DBJ to be 5% and the Offeror's Voting Rights Ratio of other shareholders to be 0%.

The following diagrams illustrate an overview of the Transaction.

I. Current Situation (as of today)

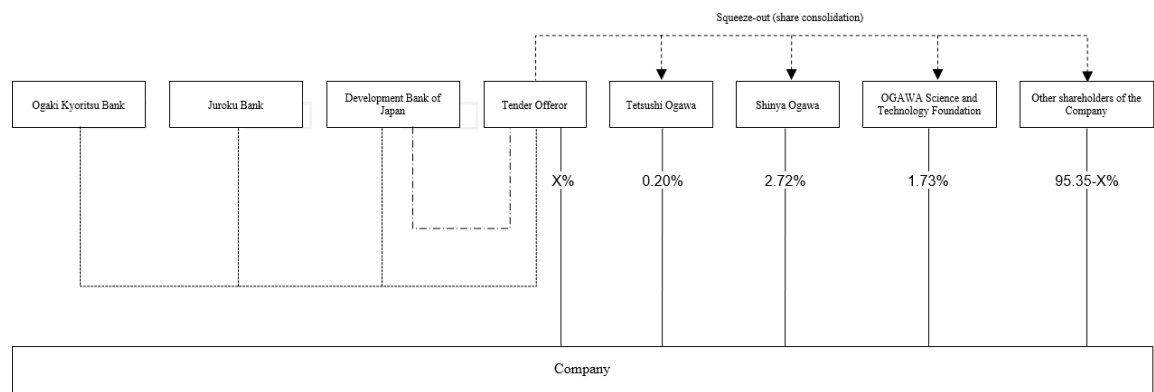


II. Settlement of the Tender Offer (September 16, 2025)



*X% is the ownership percentage of the number of shares tendered in the Tender Offer.

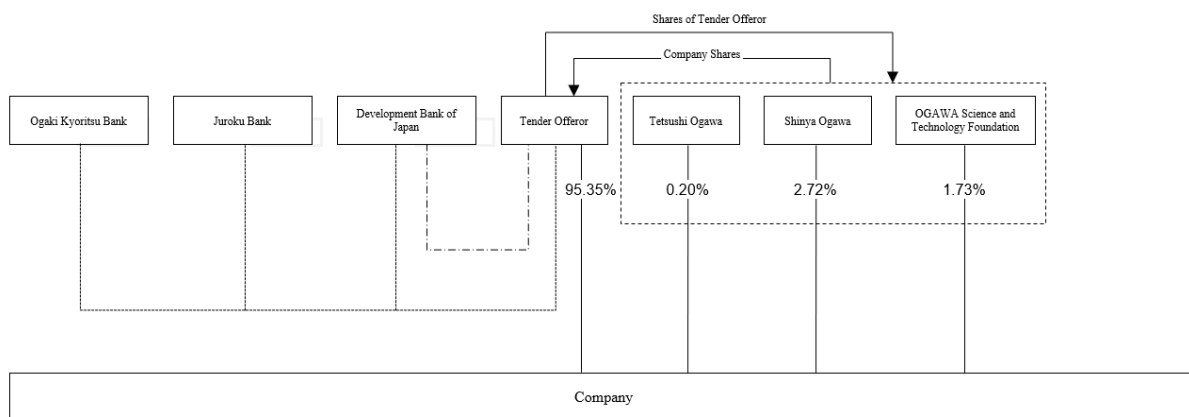
III. Execution of Squeeze-out Procedures (Mid-October 2025 to Late November 2025 (Scheduled))



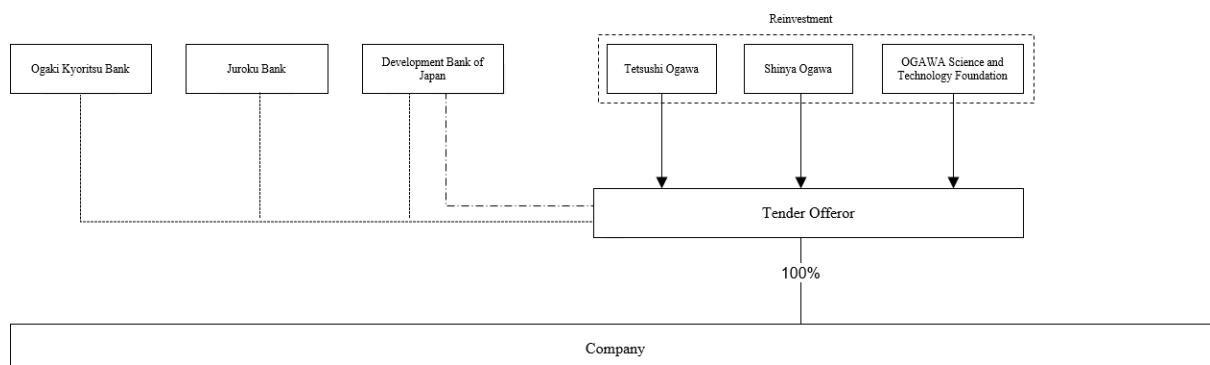
IV. Execution of Share Swap and Other Relevant Actions or Reinvestment

(To be executed as soon as practicably possible after completion of the Squeeze-out Procedures; the specific schedule is yet to be determined.)

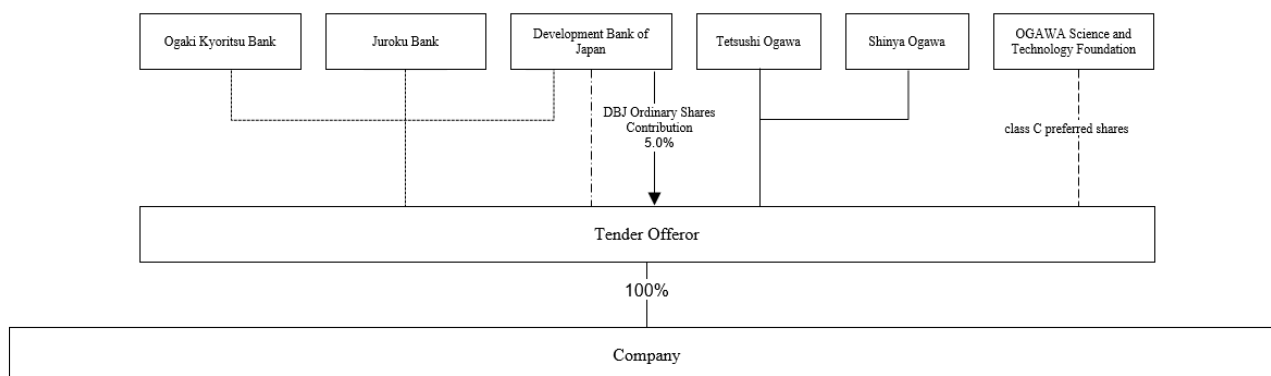
<If the Share Swap and Other Relevant Actions are carried out>



<If the Reinvestment is carried out>



V. After Execution of Share Swap and Other Relevant Actions or Reinvestment



[2] The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer

The Company was established as Pacific Industrial Co. (an unlimited company) by founder Mr. Soichi Ogawa in Goten-machi, Ogaki-shi, Gifu in August 1930 for the purpose of producing valve cores for automobiles (Note 1), and its trade name was changed to PACIFIC INDUSTRIAL CO., LTD. in April 1938. The Company Shares were listed on the NSE Second Section in October 1962 and the TSE Second Section in October 1963, and after being designated on the TSE First Section and the NSE First Section in August 1970, as a result of the market reclassification by the TSE and NSE in April 2022, the Company Shares are listed on the TSE Prime Market and the NSE Premier Market as of today.

The Company Group is comprised of the Company, 16 consolidated subsidiaries, and one equity method affiliate (hereinafter collectively referred to as the “Company Group”) as of today and engages in stamping and molding product business, valve product business, and other businesses. The details of each business are described below.

(Note 1) “Valve cores for automobiles” are precision parts used to make tire valves that have the functions of ensuring the smooth flow of air being pumped in when the valve is open and generally preventing air from leaking out.

(a) Stamping and molding product business

The Company produces and sells stamping products that use technologies to mold ultra-high-tensile strength steel materials (Note 2) that achieve both reduced weight and high strength, and molding products in various fields, including film decorating technologies (Note 3) and soundproofing technologies.

In the stamping business, the Company believes that there is a growing need for ultra-high-tensile strength steel materials that achieve both reduced weight and safety in automobiles as a whole, including electric vehicles; in particular, customers have a growing need for the ultra-high-tensile strength steel cold press method (Note 4), which is the Company’s specialty, because CO₂ emissions during production are low and it is inexpensive. Therefore, the Company is developing technologies to capture these needs. The Company intends to expand acceptance of orders by expanding sales of new products for electric vehicles and existing body shell parts (Note 5) that use its molding technologies for ultra-high-tensile strength steel products.

In the molding business, the Company recognizes that there is a growing need for noise countermeasures for motors and compressors, the noise of which had been drowned out by engine noise, and for improvements in electrical cost efficiency, in accordance with the progress of electrification of automobiles, and the Company intends to expand the number of orders accepted, by promoting the development of new products for electric vehicles at its technology development center, which will start operations in October 2025, based on core technologies, such as soundproofing technologies, and aerodynamic control and decoration technologies, and the expansion of bases.

(Note 2) “Ultra-high-tensile strength steel materials” are ultra-high-tensile steel sheets that are thinner and

- lighter than ordinary steel sheets, but have high levels of strength and shock absorption performance.
- (Note 3) “Film decorating technologies” are technologies that transfer the patterns on film to a product during the injection molding of molding products using a special film.
- (Note 4) “Ultra-high-tensile strength steel cold press method” is a press molding method to editor: It means a processing method that uses molds and press machines to crush, bend, or cut materials such as metals to form them into a desired shape at room temperature without applying heat to ultra-high-tensile strength steel materials.
- (Note 5) “Existing body shell parts” are parts such as roof reinforcements, front pillar lower outer reinforcements, front pillar outer reinforcements, back door reinforcements, and hood lock reinforcements, which make up the body frame of an automobile.

(b) Valve product business

In addition to valve products, such as tire valves/valve cores, and various valves for car air conditioners, for which the Company is proud of having the top market share in the world, the Company manufactures and sells TPMS (tire pressure monitoring system) products (Note 6), forging products (Note 7), and valves for aircrafts, industrial machinery, and energy industries.

For valve products, the Company recognizes the trend of electrification of automobiles, moving toward carbon neutrality, as an opportunity for growth, and is developing products for thermal management systems, which are becoming increasingly important for the efficient use of heat in electric vehicles, and plans to focus on the development and expansion of sales of valves for electric vehicles, including electronic expansion valves. The Company is developing the next model of TPMS products, which is compact, lightweight, has low power consumption, and is highly cost-competitive, and plans to take on the challenge of further technological innovation with a view to the data business.

- (Note 6) “TPMS”, which stands for “Tire Pressure Monitoring System”, is a system through which a tire pressure sensor installed in a tire informs the driver an abnormality in the event of low air pressure.
- (Note 7) “Forging products” are products made by applying pressure to metal using a press machine to mold or process it, specifically for parts such as plates, hubs, flanges, and carriers that are used as high-performance parts for automotive automatic transmissions and units for hybrid vehicles.

(c) Other businesses

In fields other than mobility, the Company develops, sells, and provides services related to IoT (Note 8) products and applications that use AI technologies, sensing and wireless communication technologies, and other technologies, develops and sells upcycled products (Note 9), including products made from recycled materials and recyclable products, and provides non-life insurance agency services.

In terms of IoT products, the Company develops and sells solutions such as “e-WAVES” (Note 10), which contribute to the improvement of logistics quality, “CAPSULE SENSE” (Note 11), a cattle body condition monitoring system, and “ENEGRAPH,” which enables visualization of factory energy.

In the future, the Company plans to take on challenges actively in fields other than mobility, and to strive to acquire new business opportunities that will be the medium- to long-term business pillars of the Company Group by developing products that contribute to solving social issues through the use of core technologies, such as sensing and wireless communication technologies cultivated in the TPMS, possessed by the Company Group.

(Note 8) “IoT,” which stands for “Internet of Things,” is a system in which various things that were not previously connected to the Internet are connected to a network and exchange information with one another.

(Note 9) “Upcycled products” are products that have been recycled by adding designs and new functions to products that otherwise would be discarded, to add value to the original products.

(Note 10) “e-WAVES” is a multi-sensing logger (a product that can measure, record, and store multiple kinds of data at the same time) that can measure and manage environmental data, such as temperature, humidity, and location, in real time, which is manufactured and sold by the Company, and is used mainly during transportation and storage in the logistics industry.

(Note 11) “CAPSULE SENSE” is a system for management of the physical condition of cattle, which is manufactured and sold by the Company, and detects signs of changes in physical condition, such as estrus, signs of calving, and illness, by inserting a capsule with built-in temperature and acceleration sensors into the stomach of a cow and analyzing the sensor information using artificial intelligence, and notifies the producer of relevant information through a dedicated app.

The Company is confident, in that it has supported the automotive parts industry as a pioneer in valve cores for more than 90 years, since the development of valve cores used for automobile tires in 1930, and believes that, in response to changes in the business environment, it has expanded its business to automotive stamping and molding products, electronics and control equipment products, and TPMS products for high-performance valves, and has achieved steady growth along with the development of the automobile industry in Japan. Currently, in addition to eight factories, two consolidated subsidiaries, and one equity-method affiliate in Japan, the Company has 14 consolidated subsidiaries in seven overseas countries, and is proud to have established a solid position in the industry as a global company that develops business throughout Japan and overseas. The Company shares “PACIFIC VALUES” (Note 12), which is a universal value centered on the spirit of the Company’s founding and important thoughts inherited from its predecessors, within the entire Company Group, and is striving to make a leap forward in the future, with the goal of “Passion in Creating Tomorrow,” which is the core of the management of the Company Group.

In addition, in the severe VUCA (Note 13) environment in which the future is unpredictable, the Company believes that significance of its social existence is to empower diverse human resources to taken on new challenges with an eye to the future, to demonstrate their strengths regardless of gender, nationality, age, work style, and other factors, and to create new value that will have a positive impact on society from a long-term perspective; thus, on April 27, 2023, the Company formulated “Beyond the OCEAN,” a mid-to long-term business vision for a view toward 2030, and “NEXUS-26,” a mid-term business plan which covers fiscal years up to fiscal year 2026, based on the following three perspectives: “Purpose” that should be pursued no matter what environmental changes occur, “Long-term strategy” to understand environmental changes and make strategic moves, and “Resilience” (Note 14) that can be applied even when the environment is different from what is expected.

(Note 12) “PACIFIC VALUES” refers to the universal values shared by the employees of the Company Group, and expresses the attitude that the Company Group wants to value and promote, with the words “Dreams and Challenges” and “Trust and Gratitude,” focusing on the history of the Company and the thoughts of its predecessors, including founders and top management, such as “Founding Spirit” and “Company Creed.”

(Note 13) “VUCA” is an acronym consisting of the first letters of “volatility,” “uncertainty,” “complexity,” and “ambiguity,” and refers to the state of uncertainty when unexpected events occur and it is difficult to predict the future as the complexity of the social and business environment increases.

(Note 14) “Resilience” is the ability to recover quickly and adapt to situations in which we are faced with difficulties and threats, such as changes to the social environment and other risks.

The Company is working on four basic long-term strategies to build a foundation for growth centered on the “human resources strategy to realize the Company’s purpose” to have each employee demonstrate his or her abilities and take on the challenge of creating new value in the context of long-term trends and the transformation of the value of mobility (and in addition to this strategy, “co-growth of sale and profits,” “value creation through diverse technologies,” and “integration of sustainability and management”), and aims to achieve sustainable growth in the medium- to long-term as a “company trusted and needed by society” and contemplates creating new value for the future and improving the quality of corporate management. On the other hand, the Company believes that the automotive industry, which are major business partners of the Company Group, is entering a major period of transformation due to the appearance of ideas such as CASE (Note 15) and MaaS (Note 16), which significantly change the nature of automobiles and values, based on environmental regulations due to climate change measures such as CO2 reduction and diversification of end-user needs, and technological competition such as electrification and automation. The Company believes that, in light of these changes in the external environment, automobile manufacturers are accelerating their environmental efforts to achieve carbon neutrality, development of next-generation mobility such as automated driving and electric vehicles, and the speed of technological innovation, and the competitive environment is intensifying year by year. In particular, in accordance with the shift from gasoline-powered vehicles to electric vehicles, the rise of emerging BEV (battery electric vehicle) manufacturers, mainly in Europe, the United States, and China, and the restructuring of automobile manufacturers with the aim of further accelerating technological innovation, the power balance among automobile manufacturers is changing, resulting in further industry restructuring being expected in the automotive parts industry. In addition to the aforementioned industry trends, companies also are becoming active in the development of relationships such as new business alliances and capital alliances with companies with strengths in these technologies, with the aim of strengthening the use of new technologies and strengthening competitiveness across various fields beyond the boundaries of the automotive industry, such as IoT, AI, and automated driving; thus, the competitive environment among companies is expected to intensify further in the future.

(Note 15) “CASE” is an abbreviation for “connected,” “autonomous/automated,” “shared,” and “electric,” and is a coined word that expresses a new trend in next-generation automotive technologies and services.

(Note 16) “MaaS (Mobility as a Service)” refers to the concept of “mobility” that uses ICT to convert transportation to cloud services, considers mobility by all means of transportation other than private cars as a single service, and connects them seamlessly.

In addition, the Company expects the business environment to remain uncertain in light of changes in the geopolitical situation, the tariff increases by the United States, rising energy prices, and rising raw material prices and logistics costs due to exchange rate fluctuations. In these circumstances, the

automotive parts industry, to which the Company Group belongs, is required to develop new products and technologies in response to rapid advances in automotive technologies and changes in market needs, such as the replacement of parts due to the expansion of electric vehicles, further weight reduction, and higher performance, as well as to strengthen flexible and efficient supply chains to ensure a stable supply, in line with the above-mentioned major changes in the automotive industry as a whole. In particular, in the stamping product business, which is a major business of the Company Group, automobile manufacturers are required to make efforts to develop vehicles that achieve weight reduction and high performance to improve vehicle performance, such as reducing fuel consumption and reducing exhaust emissions, and extending cruising range. The Company Group supplies stamping products that meet the needs of society and customers by using the ultra-high-tensile strength steel cold press method with low CO2 emissions. In the future, if the giga casting process, which integrally molds with aluminum casting, is widely adopted for BEVs, the impact on the Company Group, whose business domain is frame parts for the upper body of automobiles, will be limited, but there is a possibility that competition will intensify further in the future as other affected stamping manufacturers producing the undercarriage parts of automobiles enter the upper body parts business.

Furthermore, in addition to structural changes in technology in the automotive parts industry, the Company expects further intensification of competition in terms of price, due to severe price competition with domestic and overseas competitors, requests for price revisions from automobile manufacturers that are major business partners, in-house production of parts by automobile manufacturers, and alliances between existing competitors. Thus, the Company expects the business environment surrounding the Company Group to become even more severe.

According to the Offeror, in this business environment, starting around April 2023, when Mr. Tetsushi Ogawa was appointed as the representative director and president of the Company, he came to believe that in order for the Company Group to continue to maintain its competitiveness and grow sustainably to survive in a changing environment as an entity with a “Passion in Creating Tomorrow,” it is necessary not only to carry out the initiatives that have been taken so far and the strategies for each fiscal year, but also to pursue cutting edge technologies constantly, to develop and provide high-added-value products that meet the needs of customer automakers and markets in a timely manner, and to establish robust business structures that allow flexible adaptation to changes in the business environment including technologies, products, and markets.

Furthermore, according to the Offeror, while considering future business strategies and capital policies in light of the management environment in which the Company Group is placed, starting around April 2024, when the first year of the medium-term management plan ended, Mr. Tetsushi Ogawa came to believe that further development of the Company Group and achieving medium- to long-term growth and enhanced corporate value will require creating management structures that can consider and execute the following initiatives (I) through (IV), some of which are already being implemented by the Company Group, more actively and dynamically, and also that rapid implementation of these initiatives is necessary, without being bound by current business performance and share prices.

- (I) Further strengthening of technological development capabilities with a view to carbon neutrality in the future

According to the Offeror, in the automobile industry, in which major business partners of the Company Group are involved, gasoline-powered vehicles are being shifted to electric vehicles with the goal of achieving carbon neutrality. According to the Offeror, Mr. Tetsushi Ogawa believes that in order to improve fuel efficiency and electricity costs and enhance safety caused by the increase in the weight of batteries, the Company Group is required to develop products and technologies rapidly, in line with the growing demand for electric vehicles, as well as the growing need for lighter and stronger vehicle bodies.

According to the Offeror, in this business environment, Mr. Tetsushi Ogawa recognizes that the Company Group is promoting the development of ultra-high-tensile strength steel products (Note 17) and aluminum products that contribute to weight reduction, and resin products that improve the comfort and aerodynamic performance required for electrification, in addition to strategic technological development centered on the ultra-high-tensile strength steel cold press method, which reduces CO2 emissions during production, in the stamping and molding product businesses. According to the Offeror, Mr. Tetsushi Ogawa also recognizes that in the valve product business, the Company Group is accelerating the development of products for thermal management systems, which are becoming increasingly important for electric vehicles, the development of TPMS products to expand the business domain, and the development of products for electric vehicles that make use of core technologies such as sensing technology (Note 18) and fluid control technology (Note 19).

However, according to the Offeror, Mr. Tetsushi Ogawa believes that in order for the Company Group to achieve sustainable growth, because the shift to electrification of automobiles is expected to progress further in the future, it is necessary to invest more quickly and boldly than ever in the establishment of high-value-added proprietary technologies that go beyond existing technologies, and in the development of new products for electric vehicles.

Specifically, according to the Offeror, Mr. Tetsushi Ogawa believes that the Company Group needs to strengthen its ability to propose body structures (Note 21) on a unit-by-unit basis, by integrating the sophistication of CAE (Note 20) structural analysis technology with the advanced molding technology that had been developed, and to strengthen its ability to develop new molding products by improving its soundproofing and decoration technology capabilities, through investments in the development of molding methods for difficult-to-mold parts using high-strength ultra-high-tensile strength steel materials and ongoing capital investment in the Company's technology development center, which will start operations in October 2025. According to the Offeror, Mr. Tetsushi Ogawa also believes that the Company Group needs to look at a variety of options for electric vehicle power units, further improve structural analysis and cold press and molding technologies, and actively engage in the development of high-value-added products, new technologies, and new methods that make use of the large-scale stamping facilities that it possesses.

(Note 17) "Ultra-high-tensile strength steel products" are body frame products and stamped products, such as center pillars, that use molding technology for ultra-high-tensile strength steel materials.

(Note 18) "Sensing technology" is technology that uses sensors to measure and quantify information, such as state and movement of the environment and objects.

(Note 19) "Fluid control technology" is technology that manages the flow of fluids, such as liquids and gases, and controls them according to their purpose.

(Note 20) "CAE," which stands for "Computer Aided Engineering," is a technique for creating a model of an object for analysis on a computer in order to simulate many engineering problems, such as function

and strength.

(Note 21) “Ability to propose body structures” is the ability to make proactive proposals to customers about optimal body structure, for example, replacement with the cold press method, reductions in weight, and reductions in the number of parts, using the Company’s body structure analysis technology.

According to the Offeror, through these initiatives, he believes that the Company Group will refine its development and production technology capabilities, contribute to carbon neutrality and the improvement of safety and comfort, and become a “proposal-based technology group” (Note 22) that will survive in the decarbonized era, which will increase its competitive advantage over competitors in the medium- to long-term, and further increase the Company Group’s corporate value.

(Note 22) “Proposal-based technology group” is the ideal for which the Company is aiming, and is a group that participates in projects from the early stages of vehicle development, proposes optimal solutions that meet customer needs, and provides high-quality products with high technological capabilities.

(II) Strengthening supply chains for a stable and long-term supply of high-quality products

According to the Offeror, in addition to the ongoing shift to electrification of automobiles, the automobile parts industry, which includes the Company Group, will be affected by various factors, such as heightened geopolitical risks, intensifying price competition in Japan and abroad, tariff hikes by the United States, rising labor costs, and rising prices of raw materials, such as steel and other metal materials, including brass and aluminum, rubber materials, and resin materials, due to soaring energy prices and exchange rate fluctuations, as well as logistics costs. According to the Offeror, for this reason, Mr. Tetsushi Ogawa believes that there is a need to strengthen price competitiveness by strengthening supply chains and reducing costs globally.

According to the Offeror, given these circumstances, Mr. Tetsushi Ogawa recognizes that the Company Group is building a production system capable of adapting to changing market needs by investing in the Higashi Ogaki and Kita Ogaki Plants in Japan, to increase production capacity and create a mass production system for products for electric vehicles, and to create a smart factory (Note 23) with the goal of lean production with a thorough elimination of waste, such as automation and labor savings in the production process, and integration and utilization of digitalized production site information with management and indirect operation information, while promoting cost reduction activities based on the premise of providing high-quality products, and striving to maintain and improve price competitiveness.

On the other hand, according to the Offeror, Mr. Tetsushi Ogawa believes that in order to continue to supply high-quality products in a stable and flexible manner, as a global automobile parts manufacturer, in such a severe and ever-changing business environment, it is essential for the Company Group to build a production system that is in line with the future business strategies of automakers, to optimize transactions throughout the supply chain, and to improve efficiency dramatically by promoting DX in various processes more quickly and boldly than ever before.

Specifically, according to the Offeror, Mr. Tetsushi Ogawa believes that the Company Group needs to make a bold shift and reallocate management resources in line with the global strategies of automakers, by expanding the production capacity for electric vehicle parts in Japan and the United States, which are the main bases of the Company Group, strengthening ASEAN bases in anticipation of growth in the

Indian market, which is expected to grow in the future, and restructuring bases and optimizing production and sales systems in China, where local automakers are emerging due to the shift to BEVs and plug-in hybrid vehicles (PHEVs), and in Europe, where BEV sales are slowing. According to the Offeror, Mr. Tetsushi Ogawa also believes that the Company Group needs to optimize the entire production process, through the visualization and digitalization of all production processes, and to create a global smart factory by horizontally deploying the technology, production, and improvement know-how cultivated at the global mother plants in Japan, such as the Higashi Ogaki and Kita Ogaki Plants, to overseas bases.

Through these initiatives, the Company Group will pursue the optimization and stabilization of the entire global supply chain, with the goal of establishing a solid business foundation by improving profitability for the medium- to long-term.

(Note 23) “Create a smart factory” refers to the use of IoT, artificial intelligence, big data analysis, and other technologies in the manufacturing industry reaching a high level of automation and optimization of the production process of factories.

(III) Creation of new businesses looking toward sustainable growth

According to the Offeror, in light of the recent dramatic daily changes in the competitive environment surrounding the automobile industry, as described above, Mr. Tetsushi Ogawa understands that the Company Group is working on the aforementioned growth strategy for electrification, and is focusing on creating medium- to long-term business pillars in fields other than mobility.

According to the Offeror, Mr. Tetsushi Ogawa understands that the Company’s mid- to long-term business plan, “Beyond the OCEAN,” establishes making “the data businesses utilizing wireless, apps, cloud, AI, and big data new business pillars” its goal for 2030, and currently aims to build a corporate culture that enables the discovery of new business ideas and the creation of new value through the launch of a new business creation project, which is open to internal applications and establishment of the Open Innovation Promotion Section.

However, according to the Offeror, in order to achieve the 2030 goal, Mr. Tetsushi Ogawa believes that, in addition to promoting the foregoing measures further, it is essential to develop new businesses that anticipate social and customer issues by deepening core technologies, such as wireless communication technology, sensing technology, and AI technology, which already have established a high competitive advantage, and to expand quickly into new business areas through the use of outside management resources.

Specifically, according to the Offeror, Mr. Tetsushi Ogawa believes that it is essential to accelerate the creation of new businesses by creating a development environment in which diverse human resources can take on challenges and play an active role, through the establishment of an integrated R&D system for development and production technologies, including prototyping and evaluation, and the expansion of innovation areas, at the Company’s technology development center, which will commence operations in October 2025. In addition, according to the Offeror, Mr. Tetsushi Ogawa believes that, through flexible business alliances and other alliances, including M&As with companies that can create synergies with the Company Group, it will be able to provide social problem-solving services, not only in the mobility field but also in the fields of disaster prevention and mitigation, agriculture, healthcare, etc., by combining cutting-edge technological capabilities, know-how, and ideas owned by partners with the technologies of the Company Group, and thereby achieve non-consecutive growth.

(IV) Nurturing and securing human resources to achieve sustainable management

According to the Offeror, amidst the shrinking working population due to the declining birth rate and aging population, and young people being less interested in automobiles in Japan, securing human resources at companies in the automobile industry is expected to become increasingly difficult in the future. In addition, according to the Offeror, Mr. Tetsushi Ogawa understands that the Company Group believes that in order to achieve growth over the medium to long term in the future, in the challenging business environment, it is necessary to put the Company's purpose, "Passion in Creating Tomorrow," into practice as well as to nurture and secure outstanding human resources who can carry out corporate reforms including implementation of the measures discussed in items (I) through (III) above, and that it will be necessary to improve each employee's capability by strengthening human capital, and to build mechanisms that enable diverse employees to grow and actively participate with "passion."

According to the Offeror, in these circumstances, Mr. Tetsushi Ogawa understands that, as part of developing an environment in which diverse employees can demonstrate their individual strengths, the Company Group is promoting its human resources strategy through two primary measures: measures to "improve infrastructure," which include maximizing human resources and improving the work environment, respecting human rights and providing pleasant work conditions, and prioritizing health and safety for employees; and measures for "business growth," such as skill development and career support to promote the growth of human resources, and transformation of corporate culture to one that encourages challenge; and that by improving employee engagement (Note 24) through these measures, the Company Group is working to create a psychologically safe work environment in which employees can make proposals proactively and take on challenges.

However, according to the Offeror, to adapt to changes in the automobile industry and to maintain and improve sustainable growth and competitiveness into the future, Mr. Tetsushi Ogawa believes that it is essential for each of the employees that are human resources to acquire cutting-edge specialized knowledge and skills that are in line with the trends of the times, including electrification, digital transformation, and globalization, and for the Company Group to nurture and secure human resources who are motivated and actually able to think and act on their own in a corporate culture that encourages challenge.

Specifically, according to the Offeror, Mr. Tetsushi Ogawa believes that it is necessary to strengthen educational programs related to general business skills such as leadership and marketing, to create an environment in which everyone can fulfill their potential by actively promoting career development and relearning, and to visualize the skills and abilities of employees and strengthen areas of deficiency.

In addition, according to the Offeror, Mr. Tetsushi Ogawa intends to provide DX literacy education to all employees and promote company-wide activities that treat DX as a personal matter to raise digital literacy and to work to optimize the company's human resources, bringing out the best performance of employees by assigning the right DX specialized human resources in the right places based on the characteristics of each department. According to the Offeror, Mr. Tetsushi Ogawa believes that human resources are the foundation of sustainable corporate growth and that investment in human resources as set forth above is crucial for the improvement of the Company Group's corporate value over the medium to long term.

(Note 24) "Employee engagement" is one of the indices that shows a link between employees and the relevant

company; and it shows how actively employees are involved in the organization or business, and whether employees have motivation to voluntarily contribute to the same.

Meanwhile, according to the Offeror, since late July 2024, Mr. Tetsushi Ogawa has come to believe through the process of conducting concrete considerations of each of the measures described in (I) to (IV) above that these measures will not immediately contribute to the Company Group's business performance, but that considerable time and upfront investment will be necessary. For this reason, there is a risk that the Company Group's financial standing and business performance will temporarily deteriorate including a decline in profit levels, deterioration of cash flows, and so on, and the possibility that the Company Group will temporarily face difficulty generating expected profits cannot be denied.

Furthermore, according to the Offeror, since the Company is a listed company, a commitment to short-term performance is required, and as a result of the decision-making by Mr. Tetsushi Ogawa with a priority on medium-to-long-term growth through the execution of the policies described above, there is a possibility that capital markets will fail to adequately value the Company's efforts, its stock price will decline, and the interests of existing shareholders will be harmed. Consequently, according to the Offeror, concurrently with arriving at the thoughts described above, Mr. Tetsushi Ogawa has come to believe that it will be difficult to implement these measures while the Company remains a listed company. According to the Offeror, on the other hand, in order to survive in the increasingly competitive environment of the automobile industry, which is undergoing a period of great change, Mr. Tetsushi Ogawa has come to strongly recognize that these measures should be implemented as soon as possible.

In addition, according to the Offeror, Mr. Tetsushi Ogawa recognizes that, since the Company was listed on the NSE Second Section in October 1962, the Company has enjoyed the benefits of being a listed company including recruiting outstanding human resources as a result of the Company's increased name recognition and enhanced social trust. According to the Offeror, on the other hand, Mr. Tetsushi Ogawa believes that, considering the Company's track record of efficiently raising capital from financial institutions, it may be possible for the Company to secure capital necessary for business operations through equity and borrowings from financial institutions and does not expect there to be a need to raise funds through the use of equity financing for the time being, and the Company Group has established a solid position in the industry as a global automotive parts manufacturer with more than 90 years of history, and through its business activities for a long period time the Company has already established a certain level of brand recognition and credibility among its business partners, and therefore, Mr. Tetsushi Ogawa believes that both the need for and benefits of maintaining the Company's public listing are currently diminishing.

Further, according to the Offeror, due to revisions to the Corporate Governance Code and tighter regulation of capital markets in recent years, the number of items that require additional and ongoing disclosure to stakeholders through securities reports and corporate governance reports has been increasing year by year. The human and financial costs necessary for maintaining a listing as a publicly-traded firm, are trending upward, and since the possibility that these costs will impose substantial burdens on the execution of the Company Group's management, Mr. Tetsushi Ogawa questions the significance of maintaining the listing of the Company Shares.

According to the Offeror, based on the circumstances above, in early August 2024, Mr. Tetsushi Ogawa explained the foregoing thoughts to Mr. Shinya Ogawa, the Representative Director and Chairman of the Company, and in light of the fact that they agreed that, although the measures set forth in (I) through (IV) above should be implemented as soon as possible, it would be difficult to do so if the Company remains listed, and that the need for or advantages of the Company maintaining its listing are currently decreasing Mr. Tetsushi Ogawa began looking into the possibility of delisting the Company Shares as one possible option to execute growth strategies, considering enhancement of the Company Group's corporate value.

According to the Offeror, since early August 2024, the Ogawas carefully considered the fact that it was highly likely that a certain period of time would be necessary to implement the business strategies of the Company Group and each of the measures, the fact that it was necessary to implement each measure promptly due to changes in the business environment and intensifying competition in the market, the feasibility of going private, the business and financial aspects of going private, the impact on each stakeholder, and other matters. As a result, in mid-September 2024, they reached the conclusion that in order to stably and continuously increase the Company Group's corporate value without being constrained by short-term profits, delisting the Company's shares would be the most effective means of dynamically carrying out various measures while avoiding having the Company shareholders bear the risk, including a decline in share price due to a temporary deterioration of business performance in conjunction with execution of the measures described above.

According to the Offeror, at the same time, the Ogawas believe that in order to consistently implement the measures described in (I) through (IV) above from a medium-to-long-term perspective and promote improved corporate value, it will be necessary to delist the Company Shares while maintaining continuity with the Company's business management until now, and that in order to achieve this, it will be necessary for the Ogawas, members of the Company's founding family and currently the Representative Director and Chairman and the Representative Director and President, who have the greatest understanding of the Company Group's management, to continue to manage the Company Group, and, that it will be necessary for the Ogawas themselves to conduct flexible and dynamic management decision-making by aligning ownership and management under his commitment, and therefore concluded that a management buyout (MBO) is the optimal means for achieving this. According to the Offeror, they then decided that Mr. Tetsushi Ogawa would establish a company, as the Offeror, in which he would hold all of the issued shares, appointed Mr. Tetsushi Ogawa as Representative Director, and to make it the primary vehicle for carrying out the Transaction including the Tender Offer.

According to the Offeror, after delisting the Company, the Ogawas intend to promote the development of new businesses, new technologies, and new products that contribute to the further improvement of safety, environment, and comfort, and achieve stable and sustainable growth by meeting the trust and expectations of all stakeholders, including shareholders who have supported the Company so far, as a global company in the automotive parts industry, and achieve "a company that continues to change and is needed by society."

According to the Offeror, when looking further into the Transaction, in late September, 2024 the Ogawas appointed Mitsubishi UFJ Morgan Stanley Securities as its external financial advisor independent of the Ogawas and the Company, and in early October, 2024, selected Nishimura & Asahi as its external legal advisor independent of the Ogawas and the Company, and commenced concrete

considerations. Also, the Ogawas submitted a non-legally binding letter of intent regarding the Transaction (the “Letter of Intent”) to the Company on October 25, 2024, made a proposal to take the Company private by means of a tender offer with cash consideration, for Company Shares and Share Acquisition Rights, through a new special purpose company to be established by Mr. Tetsushi Ogawa, made a request to conduct due diligence, and on October 28, 2024, received notice from the Company that the Company had established a Special Committee (as defined in section [“[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer”] below; hereinafter the same) and that the Company will confer and negotiate with the Ogawas for implementation of the Transaction. According to the Offeror, later, on February 27, 2025, the Ogawas were invited to communicate with the Special Committee, and through conversations and question-and-answer sessions that took place at that time, the Ogawas notified the Company of the purpose for and background to the Transaction, the managerial policy after the Transaction, the fact that they intended to take the measures described in (I) through (IV) above, the reasons for the need to go private for that purpose, advantages and disadvantages of the Transaction, the structure of the Transaction, procedures and conditions concerning the Transaction, and other matters. In addition, the Ogawas conducted business, financial, tax, and legal due diligence on the Company from May 8, 2025 to June 27, 2025, and from June 16, 2025 to June 23, 2025, they notified the Company of the status of consideration of financing required for the Transaction and other matters, through exchanges of questions and answers in writing with the Special Committee. According to the Offeror, thereafter, the Ogawas conducted repeated discussions and considerations with the Company and the Special Committee concerning the Tender Offer Price and the Share Acquisition Rights Purchase Price during the period from June 25, 2025 to July 24, 2025, taking into consideration the overview of the Tender Offer including the objectives of the Transaction set forth in the Letter of Intent, the impact of the Transaction on the Company, the details of management policies after the Transaction, recent share price trends, and the results of due diligence.

Specifically, according to the Offeror, on June 25, 2025, after confirming a premium of 22.14% (rounded to two decimal places; the same applies hereinafter in the calculation of the premium rate to the share price) over the closing price (1,310 yen) of Company Shares on the Prime Market of the TSE on June 24, 2025, 22.61% over the simple average of the closing prices (rounded to the nearest whole number; the same applies hereinafter in the calculation of the simple average of the closing prices) for the past one month (1,305 yen), 24.90% over the simple average of the closing prices for the past three months (1,281 yen), 19.85% over the simple average of the closing prices for the past six months (1,335 yen) is provided, and that the Tender Offer Price exceeds the highest closing price of 1,580 yen of the Company Shares in the past one year, the Offeror made its first proposal (the “First Proposal”) to the Company to set the Tender Offer Price at 1,600 yen, assuming that the Company will not distribute the interim dividend and final dividends in the fiscal year ending March 2026. According to the Offeror, the Offeror made a proposal to set the Share Acquisition Rights Purchase Price of all remaining Share Acquisition Rights at 1 yen (the “Share Acquisition Rights Purchase Price Proposal”), taking into consideration that the Share Acquisition Rights were issued to the Company’s directors and executive officers as stock-based compensation stock options, and that the Offeror will not be able to exercise the Share Acquisition Rights even if it acquires the Share Acquisition Rights because the Share Acquisition Rights can be exercised only if the Conditions for Exercise Upon Loss of Position are satisfied. Then, on July 4, 2025, the Special Committee requested that the Offeror reconsider the Tender Offer Price and the Share

Acquisition Rights Purchase Price because the proposed prices could not be said to be sufficient for minority shareholders as these prices are unreasonable as they do not appropriately reflect the intrinsic value that the Company may realize and also in view of the recent trends in the premium level of other management buyout (MBO) cases (Note 25).. Thus, on July 7, 2025, the Offeror made another proposal to the Company, setting the Tender Offer Price at 1,800 yen and the Share Acquisition Rights Purchase Price at 1 yen, confirming that the Tender Offer Price includes a 34.23% premium over the closing price (1,341 yen) of the Company Shares on the Prime Market of the TSE as of July 7, 2025, a 35.85% premium over the simple average of the closing prices for the past one month (1,325 yen), a 40.73% premium over the simple average of the closing prices for the past three months (1,279 yen), and a 34.83% premium over the simple average of the closing prices for the past six months (1,335 yen), and that the Tender Offer Price exceeds the highest closing price of 1,762 yen of the Company Shares in the past two years. Then, on July 10, 2025, the Special Committee requested that the Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Purchase Price because the proposed prices still could not be said to be sufficient for minority shareholders as these prices are still unreasonable as they do not appropriately reflect the intrinsic value that the Company may realize and also in view of the recent trends in the premium level of other management buyout (MBO) cases (Note 25). Thus, on July 16, 2025, the Offeror made another proposal to the Company, setting the Tender Offer Price at 1,900 yen and the Share Acquisition Rights Purchase Price at 1 yen, confirming that the Tender Offer Price includes a 37.18% premium over the closing price (1,385 yen) of the Company Shares on the TSE Prime Market as of July 15, 2025, a 41.69% premium over the simple average of the closing prices for the past one month (1,341 yen), a 46.49% premium over the simple average of the closing prices for the past three months (1,297 yen), and a 42.11% premium over the simple average of the closing prices for the past six months (1,337 yen), respectively. Then, on July 18, 2025, the Special Committee requested that the Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Purchase Price because the proposed prices still could not be said to be sufficient for minority shareholders as these prices remain unreasonable as they do not appropriately reflect the intrinsic value that the Company may realize and also in view of the recent trends in the premium level of other management buyout (MBO) cases (Note 25). Thus, on July 22, 2025, the Offeror made another proposal to the Company, setting the Tender Offer Price at 1,970 yen and the Share Acquisition Rights Purchase Price at 1 yen, confirming that the Tender Offer Price includes a 43.38% premium over the closing price (1,374 yen) of the Company Shares on the TSE Prime Market as of July 18, 2025, a 46.14% premium over the simple average of the closing prices for the past one month (1,348 yen), a 50.84% premium over the simple average of the closing prices for the past three months (1,306 yen), and a 47.12% premium over the simple average of the closing prices for the past six months (1,339 yen), respectively, and that the Tender Offer Price exceeds the highest closing price of 1,956 yen since the Company Shares were listed. Then, on July 23, 2025, the Special Committee requested that the Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Purchase Price because the proposed prices still could not be said to be sufficient for minority shareholders as these prices continue to remain unreasonable as they do not appropriately reflect the intrinsic value that the Company may realize. Thus, on July 24, 2025, the Offeror made another proposal to the Company, setting the Tender Offer Price at 2,050 yen and the Share Acquisition Rights Purchase Price at 1 yen, confirming that the Tender Offer Price includes a 40.31% premium over the closing price (1,461 yen) of the Company Shares on the TSE Prime Market as of July 24, 2025, a 49.96% premium over the simple average of the closing

prices for the past one month (1,367 yen), a 55.66% premium over the simple average of the closing prices for the past three months (1,317 yen), and a 52.87% premium over the simple average of the closing prices for the past six months (1,341 yen), respectively, and that the Tender Offer Price exceeds the highest closing price of 1,998 yen since the Company Shares were listed. The Offeror said that the Special Committee responded on July 24, 2025 that it will accept this final offer from the Offeror.

According to the Offeror, through the above discussions and negotiations, the Offeror decided today to set a Tender Offer Price of 2,050 yen and a Share Acquisition Rights Purchase Price of 1 yen, and to implement the Tender Offer as part of the Transaction.

(Note 25) The closing price as of the business day immediately prior to the date of announcement, and the average of the premium over the respective simple average of the closing price for the past one month, three months, and six months in the 167 tender offers conducted as part of management buyout (MBO) announced during the period from June 28, 2019, the day on which the Fair M&A Guidelines were published by the Ministry of Economy, Trade and Industry, to May 15, 2025 are 44.31%, 46.99%, 48.47% and 47.51%, respectively.

[3] Post-Tender Offer Managerial Policy

According to the Offeror, the Transaction qualifies as what is known as a management buyout (MBO), and Mr. Shinya Ogawa, the Representative Director and Chairman of the Company and Mr. Tetsushi Ogawa, the Representative Director and President of the Company are expected to continue to manage the Company after the Tender Offer, and promote the management measures set forth in section “[2] The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” above. As of today, there is no agreement between the Offeror and other directors of the Company (including Audit and Supervisory Committee Members) on officer appointment or treatment after completion of the Tender Offer. According to the Offeror, the specific management structure of the Company, including officers, if the Tender Offer is successfully completed, will be examined and determined through consultation with the Company after the Tender Offer is completed successfully. In addition, according to the Offeror, in principle, the current employment conditions of the Company’s employees will be maintained even after the Tender Offer.

[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer

(i) Background to establishment of system to consider the Transaction

As stated in section “[2] The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” above, the Company received a Letter of Intent from Mr. Shinya Ogawa, Representative Director and Chairman of the Company, and Mr. Tetsushi Ogawa, Representative Director and President of the Company, on October 25, 2024 and, therefore, as stated in section “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer,” below, in order to ensure the fairness of the Transaction, including the Tender Offer, in late October, 2024, based on published details and other relevant information related to transactions similar to the Transaction, and taking into account independence, expertise, and achievements, the Company appointed YAMADA Consulting Group Co., Ltd. (“Yamada Consulting”) as its financial advisor and third-party valuation agency independent from the Offeror, Mr. Shinya Ogawa, Mr. Tetsushi Ogawa, and the Company

(collectively, “Tender Offer-Related Parties”), and Anderson Mori & Tomotsune (“Anderson Mori & Tomotsune”) as its legal advisor independent from the Tender Offer-Related Parties, and commenced establishment of a system for considering, negotiating, and making decisions regarding the Transaction from the perspective of enhancing the Company’s corporate value and securing the interests of the minority shareholders of the Company from a position that is independent from the Tender Offer-Related Parties.

Moreover, because the Transaction qualifies as a management buyout (MBO) in which Mr. Shinya Ogawa and Mr. Tetsushi Ogawa, directors of the Company, will acquire the Company Shares from general shareholders through the Offeror and they will also have the nature as buyers whose interests with respect to the Tender Offer Price are different from those of the Company and the Company’s general shareholders and there are structural issues involving conflicts of interest with the Company or the Company’s general shareholders, for purposes of exercising great care in the Company’s decision-making with regard to the Transaction, eliminating unreasonableness and the possibility of conflicts of interest in the decision-making process of the Company’s Board of Directors, and securing the fairness thereof, at the meeting of the Company’s Board of Directors held on October 28, 2024, the Company passed a resolution indicating that it would establish a special committee consisting of four outside directors of the Company that is independent from the Tender Offer-Related Parties and the results of the Transaction (Osamu Motojima (member of the Royal Swedish Academy of Engineering Sciences, Professor Emeritus at the National Institute for Fusion Science, an inter-university research institute, President of the Future Energy Research Association, Professor Emeritus at the Graduate University for Advanced Studies, Director-General Emeritus of the International Thermonuclear Experimental Reactor (ITER), Academic Advisor to Chubu University, President of the Ishikari Superconducting DC Power Transmission System (I-SPOT) approved by the Ministry of Economy, Trade and Industry, President of Chubu Gakuin University), Kan Kakiuchi (Managing Partner, Kakiuchi Law Office), Tomoyuki Shinkai (Managing Partner, Cosmos & Co.), and Masako Hayashi (Chairperson of Gifu Prefectural Public Safety Commission, Professor Emeritus at Gifu University)) (“Special Committee”). At the first meeting of the Special Committee, held on November 6, 2024, the Special Committee approved the Company’s appointment of Yamada Consulting as its financial advisor and third-party valuation agency and Anderson Mori & Tomotsune as its legal advisor after confirming that there were no issues with their independence from the Tender Offer-Related Parties, the results of the Transaction, and their expertise.

Further, as stated in section “[1] Establishment of an independent special committee at the Company, and procuring a report” of section “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer,” below, at the first meeting of the Special Committee, held on November 6, 2024, the Special Committee confirmed that there were no issues in terms of independence and fairness of the system to be used for considering the Transaction, which the Company established internally.

(ii) Background of consideration and negotiation

Pursuant to the aforementioned system, the Company received opinions, instructions, and requests from the Special Committee at important phases in negotiations with the Offeror, such as receiving opinions and instructions on the negotiation policy regarding the terms and conditions and other aspects of the Transaction, including the Tender Offer Price, and received advice from Yamada Consulting and

Anderson Mori & Tomotsune, and engaged in repeated discussions and considerations with the Offeror as stated in section “[2] The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” above, based on the overview of the Tender Offer (including the purposes of the Transaction) as stated in the Letter of Intent, the impact of the Transaction on the Company, the details of management policies after the Transaction, and recent share price trends.

Specifically, on June 25, 2025, the Company received the first proposal from the Offeror, setting the Tender Offer Price at 1,600 yen and the Share Acquisition Rights Purchase Price at 1 yen per Share Acquisition Right (the “First Proposed Prices”), on the assumption that the Company would not pay interim dividends and year-end dividends for the fiscal year ending March 2026, and confirming that the Tender Offer Price includes a 22.14% premium over the closing price (1,310 yen) of the Company Shares on the TSE Prime Market as of June 24, 2025 (rounded off to the third decimal place; the same applies hereinafter to the calculation of premium rates over the share prices), a 22.61% premium over the simple average of the closing prices for the past one month (1,305 yen) (rounded off to the nearest whole number; the same applies hereinafter to the calculation of simple average of the closing prices), a 24.90% premium over the simple average of the closing prices for the past three months (1,281 yen), and a 19.85% premium over the simple average of the closing prices for the past six months (1,335 yen), respectively. In response to such proposal, after discussing the proposed prices at the Special Committee, the Company made a request to the Offeror on July 4, 2025 to increase the First Proposed Prices on the ground that it reached the conclusion that the proposed prices could not be said to be prices that give sufficient consideration to the interests of minority shareholders. In addition, the Company received the second proposal from the Offeror on July 7, 2025, setting the Tender Offer Price at 1,800 yen and the Share Acquisition Rights Purchase Price at 1 yen (the “Second Proposed Prices”), confirming that the Tender Offer Price includes a 34.23% premium over the closing price (1,341 yen) of the Company Shares on the TSE Prime Market as of July 7, 2025, a 35.85% premium over the simple average of the closing prices for the past one month (1,325 yen), a 40.73% premium over the simple average of the closing prices for the past three months (1,279 yen), and a 34.83% premium over the simple average of the closing prices for the past six months (1,335 yen), respectively. In response to such proposal, after discussing the details of the second proposal at the Special Committee, the Company made a request to the Offeror on July 10, 2025 to increase the Second Proposed Prices on the ground that it reached the conclusion that the proposed prices still could not be said to be prices that give sufficient consideration to the interests of minority shareholders, taking into consideration recent trends in premium levels in 167 tender offers conducted as part of management buyout (MBO) announced during the period from June 28, 2019, the day on which the Fair M&A Guidelines were published, to May 15, 2025 and recent changes in share prices of the Company. In addition, the Company received a proposal on July 16, 2025, setting the Tender Offer Price at 1,900 yen and the Share Acquisition Rights Purchase Price at 1 yen (the “Third Proposed Prices”), confirming that the Tender Offer Price includes a 37.18% premium over the closing price (1,385 yen) of the Company Shares on the TSE Prime Market as of July 15, 2025, a 41.69% premium over the simple average of the closing prices for the past one month (1,341 yen), a 46.49% premium over the simple average of the closing prices for the past three months (1,297 yen), and a 42.11% premium over the simple average of the closing prices for the past six months (1,337 yen), respectively. In response to such proposal, after discussing the details of the third proposal at the Special Committee, the Company made a request to the Offeror on July 18, 2025 to increase the Third Proposed Prices on the grounds that it reached the

conclusion that the proposed prices still could not be said to be prices that give sufficient consideration to the interests of minority shareholders, taking into consideration matters such as recent changes in share prices of the Company and the results of the calculation of the share value of the Company conducted by Yamada Consulting. In addition, the Company received a proposal on July 22, 2025, setting the Tender Offer Price at 1,970 yen and the Share Acquisition Rights Purchase Price at 1 yen (the “Fourth Proposed Prices”), confirming that the Tender Offer Price includes a 43.38% premium over the closing price (1,374 yen) of the Company Shares on the TSE Prime Market as of July 18, 2025, a 46.14% premium over the simple average of the closing prices for the past one month (1,348 yen), a 50.84% premium over the simple average of the closing prices for the past three months (1,306 yen), and a 47.12% premium over the simple average of the closing prices for the past six months (1,339 yen), respectively. In response to such proposal, after discussing the details of the fourth proposal at the Special Committee, the Company made a request to the Offeror on July 23, 2025 to increase the Fourth Proposed Prices on the grounds that it reached the conclusion that the proposed prices could not be said to be sufficient from the perspective of securing the interests of minority shareholders, taking into consideration matters such as recent changes in share prices of the Company and the results of the calculation of the share value of the Company conducted by Yamada Consulting. In addition, the Company received a final proposal on July 24, 2025, setting the Tender Offer Price at 2,050 yen and the Share Acquisition Rights Purchase Price at 1 yen (the “Final Proposed Prices”), confirming that the Tender Offer Price includes a 40.31% premium over the closing price (1,461 yen) of the Company Shares on the TSE Prime Market as of July 24, 2025, a 49.96% premium over the simple average of the closing prices for the past one month (1,367 yen), a 55.66% premium over the simple average of the closing prices for the past three months (1,317 yen), and a 52.87% premium over the simple average of the closing prices for the past six months (1,341 yen), respectively. In response to such proposal, after discussing the details of the final proposal at the Special Committee, the Company determined that the prices were appropriate in that the interests to be enjoyed by the Company shareholders were secured, and responded to accept the Final Proposed Prices.

(iii) Decisions

Based on the foregoing circumstances, at the meeting of the Board of Directors held today, the Company carefully discussed and considered from the perspectives of whether the Transaction, including the Tender Offer, contributes to the enhancement of the corporate value of the Company, whether the conditions of the Transaction, including the Tender Offer Price, are fair and reasonable, whether the fairness of the procedures for the Transaction is ensured, and whether the Transaction is considered to be fair to the general shareholders of the Company, etc., based on the legal advice received from Anderson Mori & Tomotsune, the financial advice received from Yamada Consulting and the content of the stock valuation report on the results of the calculation of the share value received on July 24, 2025 (“Stock Valuation Report”), and with the utmost respect for the judgment of the Special Committee.

As a result thereof, based on the facts, etc. below, the Company has come to consider that the details of the initiatives designed by the Offeror described in “[2] The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” are rational and contribute to the enhancement of the corporate value of the Company.

As described in “[2] The Background, Reasons and Decision-Making Process Leading to the Decision

by the Offeror to Implement the Tender Offer” above, the Company expects the business environment to remain uncertain due to changes in the geopolitical situation, the tariff increase by the United States, rising energy prices, and rising raw material prices and logistics costs, etc., due to exchange rate fluctuations. Particularly in the automotive parts industry, to which the Company belongs, initiatives to develop new products and technologies in response to rapid advances in automotive technologies and changes in market needs, such as the replacement of parts due to the expansion of electric vehicles, further weight reduction, and higher performance, as well as to strengthen supply chains to ensure a stable supply are required. In the current automotive industry, the improvement of vehicle performance, such as reducing fuel consumption and reducing exhaust emissions, and extending cruising range, is required, and for the achievement therefor, efforts to develop vehicles featuring both weight reduction and high performance are being accelerated. Accordingly, even in the stamping product business, which is a major business of the Company, it is further required to utilize innovative technology which will meet the needs of the industry. The Company has adopted the “ultra-high-tensile strength steel cold stamping method” which is characterized by its low CO₂ emissions, and has made efforts to supply high-quality stamping products that meet the needs of society and expectations of customers. Meanwhile, in the future, if the so-called “giga casting process”, which integrally molds with aluminum casting, is widely adopted in the battery electric vehicle (BEV) market, while the impact on the frame parts for the upper body of automobiles, which is the Company’s conventional business domain, will be limited, there is a possibility that other stamping product manufacturers whose focus has conventionally been centered on undercarriage parts will attempt to develop their business into the upper body field in the future, raising a concern that competition will intensify further in the entire market. Furthermore, in addition to structural changes in technology in the industry, further advancement of intensification of competition is expected in the future, due to severe price competition with domestic and overseas competitors, requests for price revisions from automobile manufacturers that are major business partners shifts to in-house production of parts by automobile manufacturers, and scale expansion among competitors, including reinforced alliances between existing competitors. Due to these factors, the business environment surrounding the Company is considered to become even more severe.

Therefore, while change in the environment surrounding the industry, acceleration of digitization, rise in resource prices and raw material prices and intensification of competitive environment, as described above, are expected, the initiatives required for enhancing the corporate value in the medium- to long-term are: enhancing technological development capabilities to continue to ensure a high competitive advantage, promoting DX in various processes such as automation in the production process and creation of a smart factory, creating new businesses in fields other than mobility, and nurturing and securing human resources to achieve the aforementioned initiatives. It is believed that it is necessary to address these initiatives in a drastic, flexible and consistent manner, and to execute strategies carrying certain business risks promptly and boldly.

In addition, as described in “[2] The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” above, Mr. Tetsushi Ogawa states that he is considering implementing the initiatives, such as (I) further strengthening of technological development capabilities with a view to carbon neutrality in the future, (II) strengthening supply chains for a stable and long-term supply of high-quality products, (III) creation of new businesses looking toward sustainable growth and (IV) nurturing and securing human resources to achieve sustainable management are being

considered for dramatic management reforms. The Company also believes that it is necessary to execute initiatives (I) to (IV) above for the following reasons. With respect to (I) further strengthening of technological development capabilities with a view to carbon neutrality in the future, in order for the Company to achieve sustainable growth in the decarbonized era, it is necessary to increase its competitive advantage over competitors by taking advantage of its prompt development of products and technologies adapted to electrification of automobiles. With respect to (II) strengthening supply chains for a stable and long-term supply of high-quality products, in order to establish a stable system for supplying products amid changes in the environment caused by tariff reductions by the United States, rising labor costs, prices of raw materials and logistics costs, and other matters, it is necessary to improve efficiency dramatically by investing in DX in various processes throughout the supply chain. With respect to (III) creation of new businesses looking toward sustainable growth, amid the daily changes in the environment surrounding the automobile industry, in order for the Company to establish a solid business foundation, it is necessary not only to address intensification of competition, but also to develop new businesses that address changes in social and customer issues and needs. With respect to (IV) nurturing and securing human resources to achieve sustainable management, in the society where the working population is shrinking due to the declining birth rate and aging population, and interest in automobiles are decreasing at an accelerated rate, in order for the Company to achieve medium- to long-term growth, it is essential to secure and nurture human resources. Therefore, the Company believes that all of the initiatives should be promoted in order to enhance the corporate value of the Company in the medium- to long-term.

However, even if these initiatives lead to the significant growth and profit increase of the Company from a medium-to-long-term perspective, in the phase of promoting the initiatives, considerable time and upfront investment will be necessary. There is a risk that the initiatives will result in a decline in profit levels and deterioration of cash flows in the short-term. Further, the possibility of temporary difficulty in generating expected profits cannot be denied. Accordingly, if the Company executes these initiatives while maintaining its listing, there is a risk that the interests of the existing shareholders of the Company will be harmed due to decline in stock price and dividend. Therefore, the Company believes that it would be difficult to execute these initiatives while maintaining its listing.

If the Company is privatized, it may not be able to obtain financing through equity financing from the capital market. This also may have an impact on the Company's ability to secure personnel and conduct transactions with its business partners through the improvement of the social credibility and name recognition that the Company has been enjoying as a listed company. However, the Company believes that the potential disadvantage to the Company's ability to secure human resources and conduct transactions with business partners by going private is extremely limited. The reasons are that the Company does not currently anticipate the need for financing through the use of equity financing for the time being, and that the Company believes that it is possible to secure financing through cash flows generated from business and borrowings from financial institutions. The reasons are also that more than 60 years have passed since the Company had been listed on the stock exchange, and the Company has been able to secure its brand power and the creditworthiness of its business partners through the listing, and that the Company has already secured the creditworthiness and name recognition of its customers, business partners and employees through its business activities up until now.

Furthermore, human and monetary costs required for maintaining the Company's listing of its shares

have continued to increase due to recent revisions to the Corporate Governance Code and strengthened regulations on the capital market, and the Company considers that these costs may be a heavy burden in promoting the Company's management. Although the costs of maintaining these listings have been increasing year by year, the believes that the Transaction will enhance its corporate value from a long-term perspective if the Company can reduce the costs of maintaining its listing and apply the proceeds from the Transaction to investments in the efficiency of its operations through utilization of IT and return them to its human resources.

Further, at the meeting of the Board of Directors held today, the Company has determined that the Tender Offer Price and other terms and conditions of the Tender Offer are appropriate for the Company's shareholders and that the Tender Offer offers the Company's shareholders a reasonable opportunity to sell their shares taking into consideration that the Tender Offer Price (2,050 yen) is, (a) from among the calculation results of Yamada Consulting of the share value of the Company Shares stated in "(3) Matters concerning calculation" below, above the upper limit of range of the calculation results by the average market price method, above the upper limit of range of the calculation results by the comparable company method, and above the median limit of its calculation results by the DCF Method, (b) a price reflecting a 40.31% premium on the closing price (1,461 yen) of the Company Shares on the Prime Market of the TSE on July 24, 2025, i.e. the business day immediately prior to the date of announcement of the Tender Offer, a 49.96% premium on the simple average closing price (1,367 yen) for the one month ending July 24, 2025, and a 55.66% premium on the simple average closing price (1,317 yen) for the last three months, and a 52.87% premium on the simple average closing price (1,341 yen) for the last six months, respectively, which are found to be reasonable as compared with the levels of premiums offered upon determining the purchase price in 167 tender offer cases conducted as part of MBO announced during the period from June 28, 2019, when the Fair M&A Guidelines were published, to May 15, 2025 (the average value (44.31%) of the premiums on the closing prices as of the business days preceding the announcement dates for those MBO transactions, the average value (46.99%) of the premiums on the simple average closing prices for the most recent one month, the average value (48.47%) of the premiums on the simple average closing prices for the most recent three months, and the average value (47.51%) of the premiums on the simple average closing prices for the most recent six months), (c) it is found that consideration is given to the interests of the general shareholders of the Company, such as that measures stated in "(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer" are taken to avoid the conflicts of interest, (d) it was determined after the above-mentioned measures to avoid the conflicts of interest have been taken, and the Company and the Offeror have held consultation and negotiation multiple times which are equivalent to consultation and negotiation in an arm's length transaction, and more specifically, after the Company had conducted consultation and negotiation sincerely and continuously with the Offeror taking into consideration the consultation with the Special Committee, the contents of the calculation result related to the share value of the Company Shares and advice from a financial viewpoint provided by Yamada Consulting, and legal advice received from Anderson Mori & Tomotsune, (e) the Special Committee has confirmed in advance the negotiation policy, received a report on the status in a timely manner, given opinions, instructions and requests at the important phase of the negotiations, and expressed its opinion that the terms and conditions of the Transaction, including the Tender Offer Price,

are appropriate.

Additionally, the Tender Offer Price is less than 2,877 yen (rounded to the nearest whole number) of net assets per share (the Tender Offer Price represents a 28.75% (rounded to two decimal places) discount compared to this amount) calculated by dividing the Company's book value of net assets as of June 30, 2025, which is 165,900 million yen (rounded to the nearest hundred thousand), by the total number of issued shares after deducting treasury shares (57,673,249 shares). However, even if the Company were to liquidate, the book value of its net assets would not be converted into cash as it is. The land and buildings owned by the Company are the headquarters and factories, and considering that the buildings of the headquarters and factories have been in use for a significant period of time and are deteriorating, it is anticipated that they cannot be sold at their book value. Therefore, it is necessary to sell the land as vacant land. Demolition of the buildings would incur costs, and the removal of machinery and equipment would require significant additional costs for foundation work of removal associated with the sale. Additionally, considering the disposal of work-in-progress, products, and raw materials in the manufacturing process, considerable damage is expected. Furthermore, in the event of liquidation of the Company Group, including its subsidiaries, additional costs such as severance pay for employees, legal fees, and other professional expenses are expected to arise. Considering these factors, the amount ultimately distributed to the Company's shareholders is expected to be significantly reduced from the book value of net assets. Please note that the Company has not yet obtained an estimate based on liquidation, as liquidation is not currently planned. Therefore, we have not confirmed that the Tender Offer Price exceeds the estimated liquidation value calculated by taking into account the estimated liquidation costs derived from a detailed analysis. Furthermore, the net asset value represents the liquidation value of the Company and does not reflect future profitability. Therefore, the Company considers it unreasonable to place significant emphasis on the net asset value when determining the enterprise value of the Company as a going concern.

In addition, with regard to the Share Acquisition Right Purchase Price, the conditions for exercising the Share Acquisition Rights are stipulated that the Share Acquisition Rights may be exercised collectively only within ten days from the day after the day on which they lose their positions as a director of the Company (or by the next business day, if the tenth day falls on a holiday). Considering, among other things, that the Share Acquisition Rights cannot be exercised even if the Offeror acquires the Share Acquisition Rights through the Tender Offer, the Company has determined that setting each Share Acquisition Right Purchase Price at 1 yen is not unreasonable.

Based on this judgment, the Company believes that the Transaction will contribute to the enhancement of the corporate value of the Company and that the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate.

Based on the above, at the meeting of the Company's Board of Directors held Today, the Company passed a resolution indicating that the Company will express an opinion in support of the Tender Offer and recommend that the Company shareholders tender their shares in the Tender Offer and leave the decision on whether to tender Share Acquisition Rights to the Share Acquisition Rights Holders' in the Tender Offer. This resolution by the Company's Board of Directors was passed on the premise that the Company Shares are scheduled to be delisted by the Offeror through the Tender Offer and the Squeeze-out Procedures.

For details of such resolution of the Company's Board of Directors, please refer to section "[5]

Approval of all Company directors (including Audit and Supervisory Committee Members) who do not have any interest,” of section “((6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer)” below.

(3) Matters concerning calculation

[1] Obtaining of the Stock Valuation Report from the Company’s independent financial advisor and third-party valuation agency

(i) Name of the valuation agency and its relationship with the Company and the Offeror

In expressing its opinion on the Tender Offer, in order to ensure the fairness of its decision-making regarding the Tender Offer Price presented by the Offeror, the Company requested that Yamada Consulting, a financial advisor and third-party valuation agency independent from the Tender Offer-Related Parties, calculate the value of the Company Shares, and on July 24, 2025, obtained the Stock Valuation Report.

Yamada Consulting is not a related party to the Tender Offer-Related Parties and does not have any material interest in the Transaction, including the Tender Offer. A substantial portion of the remuneration to be paid to Yamada Consulting in connection with the Transaction will be transaction fees, to be paid subject to announcement of the Transaction and completion of the Squeeze-out Procedures. Taking into account general practices and other matters in similar transactions, the Company appointed Yamada Consulting as a financial advisor and third-party valuation agency for the Company, in accordance with the remuneration structure described above. In addition, the Special Committee approved Yamada Consulting as the financial advisor and third-party valuation agency of the Company after confirming at its first Special Committee meeting held on November 6, 2024 that there were no problems with the independence and expertise of Yamada Consulting.

(ii) Outline of Valuation

Yamada Consulting considered valuation methods for the Tender Offer, and on the assumption that the Company is a going concern and based on the opinion that it is appropriate to evaluate the value of the Company Shares multilaterally, it calculated the per-share value of the Company Shares using (i) market price analysis, because the Company Shares are listed on the Prime Market of the TSE and the Premier Market of the NSE and market prices for those shares exist, (ii) comparable company analysis, because there are multiple listed companies comparable to the Company and it is possible to infer the value of the Company Shares through comparison with those comparable companies, and (iii) DCF analysis, so as to reflect the status of the Company’s future business activities in the valuation. As stated in section “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer”, the Company has not obtained any opinions from Yamada Consulting concerning the fairness of the Tender Offer Price (fairness opinions), because the Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest.

The range of the per-share value of the Company Shares calculated by Yamada Consulting using each of the methods above is as follows.

Market price analysis:	1,317 yen to 1,461 yen
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Comparable company analysis: 668 yen to 1,804 yen

DCF analysis: 1,594 yen to 2,393 yen

Using the market price method, July 24, 2025 was set as the base date, and based on the 1,461 yen closing price for Company Shares on the TSE Prime Market on the base date, the simple average closing price of 1,367 yen over the preceding month, the simple average closing price of 1,317 yen over the preceding three months, and the simple average closing price of 1,341 yen over the preceding six months, the per-share value of the Company Shares was calculated to be in the range between 1,317 yen and 1,461 yen.

Using the comparable company method, Topre Corporation, G-TEKT CORPORATION and PRESS KOGYO CO., LTD. were selected as comparable listed companies operating businesses relatively comparable to that of the Company, and then, using an EBITDA multiple of the business value and the ratio of net income to market capitalization, the per-share value of the Company Shares was calculated to be in a range between 668 yen and 1,804 yen.

Using the DCF analysis, based on various factors such as the earnings forecast and investment plans prepared by the Company up to the period which is reasonably predictable at present, set out in the business plan for the period from the fiscal year ending March 2026 to the fiscal year ending March 2030 ("Business Plan"), financial information of the Company's 1st Quarter of the fiscal year ending March 2026, as well as publicly disclosed information, Yamada Consulting calculated the Company's corporate value and share value by discounting the free cash flow the Company is expected to generate after the 1st Quarter of the fiscal year ending March 2026 to the present value at a certain discount rate, and the per-share value of the Company Shares was calculated to be in a range between 1,594 yen and 2,393 yen. Yamada Consulting used the discount rate of 7.17% to 8.17%, which applied a weighted average cost of capital, and applied the perpetual growth method for calculation of the terminal value with a perpetual growth rate set as 0.0% to 1.0% after comprehensively considering the external environment and other matters, and the terminal value ranging from 115,087 million yen to 160,114 million yen.

The financial forecasts, based on the Business Plan that Yamada Consulting used as the basis for the calculation using the DCF analysis are as set forth below. The Business Plan that Yamada Consulting used for the DCF analysis does not include a business year in which a significant year-over-year increase or decrease in profit is expected, but includes a business year in which a significant year-over-year increase or decrease in free cash flow is expected. Specifically, for the fiscal year ending March 2026, significant capital expenditures are expected for the construction of a technology development center, investments in the renovation of factories, and the expansion of production capacity. As a result, capital expenditures for the fiscal year ending March 2026 are expected to increase by 9,247 million yen year over year, and capital expenditures for the fiscal year ending March 2027 are expected to decrease by 10,058 million yen year over year. Furthermore, capital expenditures for the fiscal year ending March 2028 are expected to decrease by 3,888 million yen year over year. Based on the above, free cash flow for the fiscal year ending March 2026 is expected to decrease significantly year over year, free cash flow for the fiscal year ending March 2027 is expected to increase significantly year over year, and free cash flow for the fiscal year ending March 2028 is also expected to increase significantly year over year.

Please note that the Business Plan was prepared in reference to the basic materials for the Company's

mid-term business plan announced in April 2023, in order to examine the reasonableness of the terms for the Transaction in consideration of the Company's future growth. It was prepared taking into account the current business environment, including the appreciation of the yen against the U.S. dollar and revision of plans for the number of automobiles produced in Japan and abroad. None of the Offeror, Mr. Shinya Ogawa or Mr. Tetsushi Ogawa were involved in the preparation of the Business Plan.

Also, because it is difficult at present to estimate the specific synergies that are expected to be achieved through implementation of the Transaction, those synergies are not reflected in the financial forecasts.

(JPY 1 million)

	FY ending March 2026 (9 months)	FY ending March 2027	FY ending March 2028	FY ending March 2029	FY ending March 2030
Sales	149,353	202,200	210,000	216,000	233,000
Operating profit	8,516	13,885	15,166	16,681	18,967
EBITDA	24,399	31,997	34,972	36,609	38,771
Free Cash Flow	▲11,028	5,275	10,659	13,368	14,015

When calculating the value of the Company Shares, Yamada Consulting used information provided by the Company, publicly disclosed information, and other information on an as-is basis, in principle, and on the assumption that all of those materials, information and the like were accurate and complete, and it has not independently verified their accuracy or completeness. Moreover, Yamada Consulting has not independently evaluated or assessed assets or liabilities (including off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company, nor has it requested that any third-party agency appraise or assess them. In addition, it is assumed that information regarding the Company's financial forecast was prepared rationally by the Company, based on the best estimates and judgments available at present. However, Yamada Consulting had multiple question-and-answer sessions with the Company regarding the Business Plan that it used as the basis for the calculations, and after understanding the background to the preparation of that plan and the current situation of the Company, it confirmed the reasonableness of the Business Plan of the Company from the perspective of whether it contained any unreasonable matters. In addition, the calculation by Yamada Consulting reflected the foregoing information up to July 24, 2025. Although Share Acquisition Rights also are included in the purchases subject to the Tender Offer, as the Share Acquisition Rights Purchase Price is determined to be set at 1 yen,] the Company has not obtained any valuation reports or opinions concerning the fairness of the Share Acquisition Rights Purchase Price (fairness opinions) from any third-party valuation agency.

[2] Valuation method of the Offeror

(i) Ordinary Shares

In deciding the Tender Offer Price, the Offeror analyzed the Company's business and financial status in a comprehensive manner on the basis of the financial information and other materials such

as securities reports and earnings report disclosed by the Company. In addition to the results of due diligence of the Company conducted from May 8, 2025 until June 27, 2025, given that the Company Shares are traded on a financial instruments exchange, the Offeror also referred to the closing price (1,461 yen) of the Company Shares on the TSE Prime Market as of July 24, 2025, the Business Day immediately prior to the announcement of the Tender Offer, and changes in the simple average of the closing price for one month, three months, and six months prior to the above date (1,367 yen, 1,317 yen, and 1,341 yen, respectively), and as a result of discussions and negotiations between the Company and the Special Committee, comprehensively considered such matters as the possibility of approval of the Tender Offer by the Company's Board of Directors and the outlook of shares being tendered in the Tender Offer, and ultimately decided to set the Tender Offer Price at 2,050 yen Today. It should be noted that the Offeror finalized the Tender Offer Price after considering various factors as described above and through discussions and negotiations with the Company and the Special Committee, and thus, did not obtain a stock valuation report or fairness opinion from any third-party valuation agency.

The Tender Offer Price of 2,050 yen represents a 40.31% premium over the closing price (1,461 yen) of the Company Shares on the TSE Prime Market as of July 24, 2025, the Business Day immediately prior to the announcement of the Tender Offer, a 49.96% premium over the simple average of the closing price for the past one month until the same date (1,367 yen), a 55.66 % premium over the simple average of the closing price for the past three months until the same date (1,317 yen), and a 52.87 % premium over the simple average of the closing price for the past six months until the same date (1,341 yen), respectively.

(ii) Share Acquisition Rights

With regard to the Share Acquisition Rights, the Share Acquisition Rights Holders can exercise the Share Acquisition Rights only if the Conditions for Exercise Upon Loss of Position are satisfied during the exercise period of the Share Acquisition Rights, and since the Offeror will not be able to exercise the Share Acquisition Rights even if it acquires the Share Acquisition Rights, it has been decided that the Share Acquisition Rights Purchase Price will be 1 yen for all series each.

It should be noted that the Offeror finalized the Share Acquisition Rights Purchase Price as described above, and therefore did not obtain a stock valuation report or fairness opinion from any third-party valuation agency when finalizing the Share Acquisition Rights Purchase Price.

(4) Prospects for Delisting; Reasons

As of today, the Company Shares are listed on the TSE Prime Market and the NSE Premier Market, but because the Offeror has not set maximum number of shares planned for purchase in the Tender Offer, depending on the result of the Tender Offer, there is a possibility that in accordance with the delisting criteria provided by the TSE and the NSE, the Company Shares will be delisted through prescribed procedures.

Further, even in the case where such criteria have not been met at the point in time of the completion of the Tender Offer, the Squeeze-out Procedures explained in section “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” below will be carried out after the completion of the Tender Offer, and if such procedures are carried out, in accordance with the delisting criteria provided by the TSE and the NSE, the Company Shares will be delisted through prescribed procedures. It should be noted that after the Company Shares are delisted, the Company Share cannot be traded on the TSE and the NSE.

(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)

As explained in section “[1] Tender Offer Overview” of “(2) Grounds and reasons for our opinion” above, if the Offeror cannot acquire all of the Company Shares and Share Acquisition Rights (including Restricted Shares and the Company Shares to be delivered as a result of exercising Share Acquisition Rights, and excluding treasury shares held by the Company and the Non-Tendered Shares) in the Tender Offer, after the successful completion of the Tender Offer, the Offeror plans to carry out the Squeeze-out Procedures in order to acquire all of the Company Shares and Share Acquisition Rights (including Restricted Shares and Company Shares to be delivered as a result of exercising Share Acquisition Rights, and excluding treasury shares held by the Company and the Non-Tendered Shares) using the following method.

Specifically, after the completion of the Tender Offer, the Offeror plans to request the Company to convene an extraordinary general shareholders meeting that includes in its agenda items a resolution for the Share Consolidation in accordance with Article 180 of the Companies Act and an amendment to the articles of incorporation eliminating the provisions for share unit number, subject to the coming into effect of the Share Consolidation (“Extraordinary General Shareholders Meeting”), and the Offeror and Non-Tendering Shareholders plan to vote in favor of all of the agenda items at the Extraordinary General Shareholders Meeting. In view of enhancing the Company’s corporate value, believing that it is desirable to have the Extraordinary General Shareholders Meeting at an earlier stage, the Offeror plans to request the Company to make a public notice that it will set a record date during the Tender Offer Period so that after the settlement commencement date of the Tender Offer, a date close thereto will be the record date for the Extraordinary General Shareholders Meeting, which is scheduled to be held around mid-October to early November 2025. If the Offeror makes such request, the Company plans to comply with such request.

If the resolution for the Share Consolidation is approved at the Extraordinary General Shareholders Meeting, on the date that the Share Consolidation comes into effect, the Company shareholders will each come to possess a number of Company Shares in proportion to the Share Consolidation ratio approved at the Extraordinary General Shareholders Meeting. If any fractional shares of less than one share arise from the Share Consolidation, in accordance with the procedures of Article 235 of the Companies Act and other related laws and regulations, the money obtained by selling to the Company or the Offeror Company Shares in a number equivalent to the total sum of such fractional shares (if the total sum includes a fractional share of less than one share, such sum shall be rounded down to the nearest whole number; hereinafter the same) will be delivered to shareholders of such fractional shares of the Company. With respect to the sale price for the Company Shares in the number equivalent to the total sum of such fractional shares, the Offeror plans to set such price so that the amount of money delivered as a result of such sale to the Company shareholders that did not tender their shares in the Tender Offer (excluding the Offeror, Non-Tendering Shareholders and the Company) will be the same as the price obtained by multiplying the Tender Offer Price by the number of Company Shares each such shareholder possessed, and then request the Company to file a petition for permission for sale by private contract for the court. Further, although the Company Shares consolidation ratio is undecided as of today, the Offeror plans to request that the Company decide the ratio by which the number of Company Shares that the Company shareholders (excluding the Offeror, Non-Tendering Shareholders and the Company) that do not tender their shares in the Tender Offer will come to own will be a fraction equal to less than one share, so that the Offeror and Non-Tendering Shareholders will own all of the Company Shares (including Restricted Shares and Company Shares to be delivered as a result of

exercising Share Acquisition Rights, and excluding treasury shares held by the Company). In the case where the Share Consolidation is carried out, if any fractional shares of less than one share arise from the Share Consolidation, the Companies Act provides that in accordance with Articles 182-4 and 182-5 of the Companies Act and other related laws and regulations, Company shareholders that did not tender their shares in the Tender Offer shall be entitled to demand that the Company purchase all of their Company Shares that are fractional shares at a fair price, and may file a petition for the court to determine the price of Company Shares. If such a petition is filed, the purchase price of Company Shares will ultimately be decided by the court. The Tender Offer is not in any way a solicitation for the support of the Company shareholders at the Extraordinary General Shareholders Meeting.

There is a possibility that due to reasons such as amendment, enactment, and interpretation by related authorities of related laws and regulations, the above procedures will require time to implement, or the method of implementation will change. However, even in such a case, it is planned that if the Tender Offer is completed successfully, ultimately the method of delivering money to the Company shareholders (excluding the Offeror, Non-Tendering Shareholders and the Company) that did not tender their shares in the Tender Offer will be adopted, and the Offeror plans for the amount of money that will be delivered to such shareholders of the Company to be calculated so as to be the same as the price obtained by multiplying the Tender Offer Price by the number of Company Shares each such shareholder of the Company possessed.

With respect to Restricted Shares, the allotment agreement relating to Restricted Shares states as follows: (a) during the transfer restriction period, if a consolidation of shares (limited to situations in which the parties to which Restricted Shares are allotted will own Restricted Shares only in fractions equal to less than one share as a result of the share consolidation) is approved at the Company's shareholders meeting (however, limited to the situation in which the effective date of the consolidation of shares comes before the expiration of the transfer restriction period), the restrictions on transfer will be cancelled by a resolution of the Company's Board of Directors immediately before the business day immediately preceding the effective date of the consolidation of shares, for Restricted Shares in a number obtained by the following formula: the number of months from the month following the month in which the date when the annual shareholders meeting was held which is the closest to the allotment date, to the month in which the approval date falls ("Squeeze-out Approval Date"), divided by 12 (one, if the result of the calculation exceeds one), multiplied by the number of Restricted Shares owned by the allotted parties as of the Squeeze-out Approval Date (any fractions less than one share arising as a result of this calculation shall be rounded down), and (b) in the case set forth in (a) above, Company will acquire, without contribution, all Restricted Shares for which the restrictions on transfer are not cancelled as of the business day immediately preceding the effective date of the Share Consolidation. In the Share Consolidation procedures, Restricted Shares for which restrictions on transfer were cancelled immediately before the business day immediately preceding the effective date of the Share Consolidation will be subject to the Share Consolidation, in accordance with the provisions of the allotment agreement as described in (a) above, and Restricted Shares for which the restrictions on transfer were not cancelled as of the business day immediately preceding the effective date of the Share Consolidation will be acquired by the Company without contribution in accordance with the provisions of the allotment agreement as described in (b) above.

In addition, in the event that the Tender Offer is completed successfully but the Offeror cannot acquire all of the Share Acquisition Rights in the Tender Offer and the Share Acquisition Rights remain unexercised, the Offeror will request that the Company implement reasonably necessary procedures for implementation of the

Transaction, such as acquiring the Share Acquisition Rights and recommending the Share Acquisition Rights Holders waive their Share Acquisition Rights. As of today, however, the details have not been decided. According to the Company, it intends to cooperate with any such request that it receives.

It is planned that the Company will publicly announce specific procedures, the timing for implementation, and other information on the above promptly after a decision is made through consultations with the Company. Please note that with respect to tax treatment of the tendering of shares in the Offer or any of the above procedures, the Company shareholders should consult with a tax professional at their own responsibility.

The Offeror intends to eventually become the sole shareholder of the Company, and as a means for achieving such objective, the Offeror plans to carry out, on the condition of completion of the Squeeze-out Procedures, a Share Swap with the Offeror shares as consideration, having the Offeror as the wholly-owning parent after the Share Swap and the Company as a wholly-owned subsidiary after the Share Swap; details have yet to be determined as of today.

However, if, as a result of the Tender Offer, there are shareholders who own at least the same number of the Company Shares as the Company Shares owned by any of Non-Tendering Shareholders, or if it is expected that there will be such shareholders at the time the Share Consolidation becomes effective, the Offeror will request that the Company implement the Share Consolidation at a consolidation of shares ratio by which the number of the Company Shares owned by those shareholders will be fractions equal to less than one share, so that those shareholders will not remain shareholders of the Company after the Share Consolidation becomes effective. In this case, the Offeror will be the sole shareholder of the Company, and the Share Exchange will not take place.

(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer

Since the Tender Offer will be carried out as part of the Transaction falling under so-called management buyout (MBO), and there are structural issues of conflict of interest, etc., for the purpose of ensuring the fairness of the Tender Offer Price as well as Share Acquisition Rights Purchase Price and eliminating unreasonableness and avoiding conflicts of interest in the decision-making process leading up to the decision to implement the Tender Offer, in order to ensure the fairness of the Transaction including the Tender Offer, the Offeror and the Company implemented the following measures.

Please note that the descriptions of the measures implemented by the Offeror below (measures (VI) and (VII)) are based on explanations from the Offeror.

[1] Establishment of an independent special committee at the Company, and procuring a report

(i) Background to establishment, etc.

As set forth in section “[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer,” of section “(2) Grounds and reasons for our opinion” in light of the fact that the Transaction will be carried out as part of what is known as a management buyout (MBO), and since it is assumed that the Offeror will carry out the Squeeze-out Procedures for the Company’s general shareholders in the Transaction, and since the Offeror shares interests with Mr. Shinya Ogawa and Mr. Tetsushi Ogawa, there are structural issues involving conflicts of interest between Mr. Shinya Ogawa and Mr. Tetsushi Ogawa, on one hand, and the Company or the Company’s general shareholders, on the other, the Company established a Special Committee by resolution of the Board of Directors on October 28, 2024, in order to ensure the fairness of the entire process of examining

and making decisions about the appropriateness of the Transaction and the validity of the terms and conditions of the Transaction. Prior to the establishment of the Special Committee, after the Company received the Letter of Intent from Mr. Shinya Ogawa and Mr. Tetsushi Ogawa on October 25, 2024, the Company explained to all of the Company's outside directors that the Company had received a Letter of Intent from Mr. Shinya Ogawa and Mr. Tetsushi Ogawa and that the Transaction falls within the category of a transaction in which structural issues involving conflicts of interest and information asymmetry exist due to the nature of the Transaction, and that it was necessary to take sufficient measures to ensure the fairness of the terms and conditions of the Transaction, including through the establishment of a Special Committee, when examining and negotiating the Transaction, in order to establish a system for examining, negotiating, and making decisions about the Transaction for purposes of enhancing the Company's corporate value and securing the interests of the Company's minority shareholders from a perspective independent from the Tender Offer-Related Parties.

In addition, in order to establish a system for examining, negotiating, and making decisions about the Transaction for purposes of enhancing the Company's corporate value and securing the interests of the Company's general shareholders from a perspective independent from the Tender Offer-Related Parties, starting in late October 2024, the Company appointed Anderson Mori & Tomotsune as a legal advisor and Yamada Consulting as a financial advisor and a third-party valuation agency to the Company, which are independent from the Tender Offer-Related Parties. Based on the legal advice received from Anderson Mori & Tomotsune on the decision-making process and method for the Transaction and other points to note when making decisions about the Transaction, the Company established a system for examining, negotiating, and making decisions about the Transaction for purposes of enhancing the Company's corporate value and securing the interests of the Company's general shareholders from a perspective independent from the Tender Offer-Related Parties, and confirmed the independence, eligibility, and other matters of the Company's independent outside officers who were candidates for Special Committee members. On that basis, after obtaining the advice of Anderson Mori & Tomotsune and confirming that the candidates were independent from the Offeror, did not have material conflicts of interest with the general shareholders with regard to the success or failure of the Transaction, and were qualified to serve as committee members, in order to ensure a balance of knowledge, experience, and abilities on the Special Committee as a whole, and to constitute the Special Committee on an appropriate scale, the Company selected four candidates for the Special Committee members, who are Mr. Osamu Motojima (Audit & Supervisory Committee Member), Mr. Kan Kakiuchi (Audit & Supervisory Committee Member), Mr. Tomoyuki Shinkai (Audit and Supervisory Committee Member), and Ms. Masako Hayashi, who are independent outside directors of the Company, which was designated as the most suitable committee members in the "Fair M&A Guidelines" dated June 28, 2019 prepared by the Ministry of Economy, Trade and Industry. Furthermore, Mr. Osamu Motojima has been appointed as the Chairman of the Special Committee by mutual election among its members (The Special Committee members have not changed since its establishment. In addition, the remuneration to be paid to each member of the Special Committee does not include contingency fees that are to be paid subject to the fulfillment of conditions, including the successful completion of the Transaction.).

In addition, as set forth in section "[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer" of section "(2) Grounds and reasons for our opinion", the

Company established the Special Committee by resolution of the Board of Directors on October 28, 2024, and consulted the Special Committee on 1 whether the purpose of the Transaction was deemed reasonable (including whether the Transaction will contribute to enhancement of the Company's corporate value), 2 whether the fairness and appropriateness of the terms and conditions of the Transaction (including the purchase, etc. prices of the Tender Offer) has been ensured, 3 whether the fairness of the procedures related to the Transaction has been ensured, 4 whether the Transaction was considered not to be detrimental to the Company's minority shareholders in light of items 1 to 3 above, and 5 whether it was appropriate for the Company's Board of Directors to express its support for the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer (items 1 to 5 are referred to collectively as the "Consultation Matters"). In addition, upon the establishment of the Special Committee, the Company's Board of Directors passed a resolution stating that (i) the Special Committee has the authority to nominate or approve (including subsequently approve) the Company's experts, including financial advisors and legal advisors (collectively, "Advisors"), (ii) the Special Committee has the authority to appoint its own Advisors if it deems it necessary to consider the Consultation Matters (If the Special Committee determines that it can trust the Company's Advisors and request professional advice based on the fact that the Company's Advisors have a high level of expertise and have no problems with independence, or other similar facts, the Special Committee may request professional advice from the Company's Advisors. In addition, the Company will bear the reasonable expenses of professional advice from the Advisors to the Special Committee's Advisors), (iii) the Special Committee has the authority to receive information necessary for the examination and determination of the Transaction from the Company's officers and employees and other persons deemed necessary by the Special Committee, (iv) the Special Committee has the authority to be substantially involved in the process of negotiating the terms and conditions of the Transaction by confirming the policy concerning the terms and conditions of the Transaction in advance of the negotiations, receiving timely reports on the situation, expressing opinions at important moments, and issuing instructions or making requests, and (v) decisions about the Transaction made by the Company's Board of Directors will be made with full respect for the decisions of the Special Committee, and if the Special Committee determines that the terms and conditions of the Transaction are not appropriate, the Company's Board of Directors will not approve the Transaction on those transaction terms and conditions.

(ii) Background of the considerations

Meetings of the Special Committee were held a total of 13 times, over approximately 21 hours, from November 6, 2024 to July 24, 2025, and the Special Committee also made reports and shared information through e-mails and other means, deliberated, made decisions outside of meetings, and carefully examined the Consultation Matters.

Specifically, at the first meeting of the Special Committee, held on November 6, 2024, the Special Committee approved the Company's appointment of Yamada Consulting as its financial advisor and third-party valuation agency and Anderson Mori & Tomotsune as its legal advisor, after confirming that there were no issues with their independence and expertise, and also confirmed that the Special Committee can receive their expert advice as necessary.

In addition, the Special Committee approved the process of consideration of the Transaction

(including the scope of officers and employees of the Company to be involved in consideration, negotiation and determination of the Transaction, and their duties), which the Company established internally, after confirming that there were no issues in terms of independence and fairness. In addition, the Special Committee has been examining measures to be taken to ensure the fairness of Transaction procedures, based on the legal advice received from Anderson Mori & Tomotsune.

Moreover, while taking into account the financial advice received from Yamada Consulting, the Special Committee received an explanation from the Company about the details, important assumptions, background of preparations, and other matters relating to the Company's business plan (including the fact that neither the Offeror nor Mr. Shinya Ogawa or Mr. Tetsushi Ogawa was involved in the preparation of that business plan), which Yamada Consulting used as the basis for calculation of the share value of the Company Shares, and after understanding the background of preparation thereof and the Company's current situation, from the perspective of identifying any unreasonable elements, the Special Committee confirmed that these matters were reasonable and approved them.

The Special Committee presented questions to the Offeror, as well as to Mr. Shinya Ogawa and Mr. Tetsushi Ogawa, and carried out question-and answer sessions through interviews and in writing with the Offeror as well as the Ogawas about the purpose and background of the Transaction, the managerial policy after the Transaction and specific measures relating thereto, the reasons why delisting the Company Shares is necessary for that purpose, the advantages and disadvantages of the Transaction, the structure of the Transaction, and the procedures, terms, and conditions of the Transaction. The Special Committee presented questions to the Company also, and carried out question-and answer sessions with the Company, through interviews and in writing, about the Company's business condition, management issues of which it is aware, the market environment, the purpose and significance of implementing the Transaction from the perspective of enhancing corporate value, the impact on the Company's business, and whether the Company has any concerns about being delisted through the Transaction.

In addition, as stated in section "(3) Matters concerning calculation" above, Yamada Consulting has calculated the share value of the Company Shares based on the business plan prepared by the Company, and the Special Committee received an explanation from Yamada Consulting about the results of the calculation of the share value, the method of calculating the share value of the Company, the reason for selecting that calculation method, and the details and important assumptions used in the calculations made using each calculation method. After carrying out question-and-answer sessions, deliberations, and consideration, the Special Committee has confirmed that these matters are reasonable.

Further, as stated in section "[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer" in the section titled "(2) Grounds and reasons for our opinion" above, after the Company received a proposal from the Offeror on June 25, 2025 to set the Tender Offer Price at 1,600 yen per share and the Share Acquisition Rights Purchase Price at 1 yen, the Special Committee has engaged in continuous discussions and negotiations with the Offeror through the Company's financial advisor, Yamada Consulting, taking into account its financial advice, including the results of its calculation of the share value of the Company Shares and the policy for negotiation with the Offeror, etc., as well as the legal advice, etc. from Anderson Mori & Tomotsune on measures

to ensure the fairness of the procedures in the Transaction.

Specifically, acting through Yamada Consulting, the Company repeatedly negotiated the Tender Offer Price on multiple occasions in response to the Offeror's proposal. During the consultation and negotiations, the Special Committee was substantially involved in the negotiation process with the Offeror, for example, by receiving timely reports from the Company on the background and details, etc. of the discussions and negotiations, discussing policies and other matters, and expressing opinions through the Special Committee.

In addition, the Special Committee received an explanation from Anderson Mori & Tomotsune about the details of each draft of the this Press Release and position statement concerning the Tender Offer scheduled to be published or submitted by the Company, as well as the details of the draft tender offer statement for the Tender Offer scheduled to be submitted by the Offeror, and has confirmed that the Offeror and the Company intend to make appropriate disclosures with the advice of their respective legal advisors.

(iii) Details of decision

Based on the foregoing circumstances, after careful consideration and discussions on the Consultation Matters, upon a unanimous resolution by the committee members, the Special Committee submitted a written report (the "Report") to the Company's Board of Directors on July 25, 2025, an outline of which is provided below. Please refer to Attachment 1 for details of the Report, including the reasons for the recommendations.

- (a) The purpose of the Transaction is considered reasonable (The Transaction will contribute to the enhancement of the corporate value of the Company.).
- (b) The fairness and reasonableness of the terms and conditions of the Transaction, including the Tender Offer, are ensured.
- (c) The fairness of the procedures to be followed in connection with the Transaction is ensured.
- (d) Based on (a) to (c) above, the decision concerning the Transaction is considered to be fair to the Company's general shareholders.
- (e) It is reasonable for the Company's Board of Directors to state its opinion in support of the Tender Offer, to recommend that the Company's shareholders tender their shares in the Tender Offer, and leave the decision on whether to tender Share Acquisition Rights to the Share Acquisition Right Holders.

[2] Obtaining a stock valuation report from a third-party valuation agency independent from the Company

As stated in section "[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer" in the section titled "(2) Grounds and reasons for our opinion" above, in expressing its opinion on the Tender Offer, in order to ensure the fairness of its decision-making regarding the Tender Offer Price presented by the Offeror, the Company requested that Yamada Consulting, a financial advisor and third-party valuation agency independent from the Tender Offer-Related Parties, calculate the value of the Company Shares, and on July 24, 2025, obtained the Stock Valuation Report. For an overview of the Stock Valuation Report, please refer to "(3) Matters concerning calculation" above.

Yamada Consulting is not a related party to the Tender Offer-Related Parties and does not have any material interest in the Transaction, including the Tender Offer. A substantial portion of the remuneration to be paid to Yamada Consulting in connection with the Transaction will be transaction fees, to be paid subject to announcement of the Transaction and completion of the Squeeze-out Procedures. Taking into account general practices and other matters in similar transactions, the Company appointed Yamada Consulting as a financial advisor and third-party valuation agency for the Company, in accordance with the remuneration structure described above. In addition, the Special Committee approved Yamada Consulting as the financial advisor and third-party valuation agency of the Company after confirming at its first meeting that there were no problems with the independence and expertise of Yamada Consulting.

[3] Advice from a law firm independent from the Company

As stated in section “[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer” of section titled “(2) Grounds and reasons for our opinion” above, in relation to the Transaction, the Company appointed Anderson Mori & Tomotsune as a legal advisor independent from the Tender Offer-Related Parties in order to ensure the fairness of the Tender Offer Price and other aspects of the Transaction, including the Tender Offer, and received legal advice from that legal advisor with regard to the measures that should be taken to ensure the fairness of the Transaction procedures, various Transaction procedures, the decision-making method used by the Company for the Transaction, and the process thereof. Anderson Mori & Tomotsune is not related to the Tender Offer-Related Parties and does not have any material interest in the Transaction, including the Tender Offer. In addition, the remuneration to be paid to Anderson Mori & Tomotsune does not include any contingency fees that are to be paid subject to conditions, including the successful completion of the Transaction. Further, the Special Committee approved Anderson Mori & Tomotsune as the Company’s legal advisor at its first meeting after confirming that there were no problems with the independence and expertise of Anderson Mori & Tomotsune.

[4] Establishment of an independent consideration framework at the Company

As stated in section “[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer” of section titled “(2) Grounds and reasons for our opinion” above, from the perspective of eliminating structural issues involving conflicts of interest, the Company has established an internal system for considering, negotiating, and making decisions regarding the Transaction from a position independent from the Tender Offer-Related Parties, excluding the Company.

Specifically, after receiving the Letter of Intent from the Ogawas on October 25, 2024, the Company determined that it would not have the Ogawas be involved in the Company’s process of considering, negotiating, and making decisions about the Transaction, and then established a system for consideration of the Transaction, which consisted of officers and employees who were found to be independent from the Tender Offer-Related Parties, excluding the Company, including Mr. Hisashi Kayukawa (Senior Managing Officer, Member of the Board) and Mr. Terumi Noda (Senior Managing Officer, Member of the Board). Together with the Special Committee, this framework for consideration was used in the process of negotiating the Transaction conditions, including the Tender Offer Price, between the Company and the Offeror, and the process of preparing the Company’s business plan, which will be the basis for the valuation of the Company Shares, and the foregoing treatment continued until today.

The framework of consideration (including the scope of officers and employees of the Company to be involved in consideration, negotiation and decisions for the Transaction, and their duties) of the Transaction, which the Company established internally and which includes the foregoing treatment, takes into consideration advice from Anderson Mori & Tomotsune, and the Company received approval from the Special Committee of the fact that there are no problems in terms of its independence and fairness.

- [5] Approval of all Company directors (including Audit and Supervisory Committee Members) who do not have any interest

Based on the legal advice received from Anderson Mori & Tomotsune, the financial advice received from Yamada Consulting, the content of the Stock Valuation Report, the content of multiple discussions held continuously with the Offeror, and other related materials, and with the utmost respect for the judgment of the Special Committee as expressed in the Report, the Company carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to the improvement of the corporate value of the Company, and whether the conditions of the Transaction, including the Tender Offer Price, are appropriate.

As a result thereof, as stated in section “[4] The Decision-Making Process and Reasons Leading the Company to Support the Tender Offer” of section titled “(2) Grounds and reasons for our opinion” above, at the meeting of the Company’s Board of Directors held today, the Company passed a resolution that, from the perspective of resolving the management issues of the Company and providing opportunities to return profits to shareholders, the Transaction would contribute to the improvement of the corporate value of the Company, and in light of the results of calculation of the Stock Valuation Report, the premium level of the Tender Offer Price, the process of negotiation with the Offeror, the process of determining the Tender Offer Price, and other matters, it had determined that the conditions of the Transaction, including the Tender Offer Price, were appropriate, that it would express an opinion in support of the Tender Offer, that it would recommend that the shareholders of the Company tender their shares in the Tender Offer, and that it would allow the Share Acquisition Right Holders to decide whether to tender their Share Acquisition Rights in the Tender Offer. At the aforementioned meeting of the Company’s Board of Directors, out of nine directors of the Company, seven directors, excluding the Ogawas, participated in the deliberations and voting, and the aforementioned resolution was passed with the unanimous consent of all directors who participated the vote.

Mr. Shinya Ogawa, the Company’s Representative Director and Chairman, and Mr. Tetsushi Ogawa, the Company’s Representative Director and President, will continue to be involved in the management of the Company after the Transaction; therefore, in light of the fact that there is a conflict of interest with the Company, or a risk thereof, in the Transaction, these two people did not participate in deliberations and votes by the Company’s Board of Directors in relation to the Transaction, including the aforementioned meeting of the Company’s Board of Directors, and did not participate in any consideration of the Transaction or discussions and negotiations for the Transaction with the Offeror from the Company’s position.

- [6] Securing an objective state where the fairness of the Tender Offer is ensured

The Offeror has set the Tender Offer Period to 30 Business Days, while the minimum purchase period

is 20 Business Days under laws and regulations. By setting the Tender Offer Period to be comparatively long compared to the minimum period under laws and regulations, the Offeror intends to ensure an opportunity for all shareholders and Share Acquisition Rights Holders of the Company to appropriately determine whether to tender their shares or Share Acquisition Rights in the Tender Offer, and to ensure an opportunity for a person making a competing acquisition offer to present competing acquisition offers, etc. to be made for the Company Shares, and thereby ensuring the fairness of the Tender Offer Price.

Additionally, the Offeror and the Company have not made any agreements with provisions that prohibit contact with a person making a competing acquisition offer, including transaction protection provisions, or any agreements that limit contact between such a person making a competing acquisition offer and the Company. Thus, by adjusting the above purchase period to ensure an opportunity for competing acquisition offers, it is considered that the fairness of the Tender Offer is thereby ensured.

As described in “[1] Establishment of an independent special committee at the Company, and procuring a report” above, the Special Committee determined that not conducting the so-called aggressive market check (including the bidding procedures prior to the announcement of the Transaction), which investigates and reviews the existence of potential acquirers in the market, would not be particularly detrimental to the fairness of the Transaction in light of the details of the various measures implemented to ensure the fairness of the Transaction, including the Tender Offer, and other specific circumstances of the Transaction.

[7] Establishing the minimum number of shares planned for purchase to exceed the Majority of Minority Condition

Since the Offeror does not own any Company Shares or Share Acquisition Rights as of today, the minimum number of shares planned for purchase in the Tender Offer (35,841,900 shares, ownership percentage: 62.02%) exceeds the number of shares (27,551,109 shares, ownership percentage: 47.67 %), which is equivalent to half the number of shares (55,102,217 shares) calculated by deducting the total number of shares (2,689,432 shares) of the 1,573,305 shares owned by Mr. Shinya Ogawa (ownership percentage: 2.72 %), 116,127 shares owned by Mr. Tetsushi Ogawa (ownership percentage: 0.20 %), and 1,000,000 shares owned by the Foundation (ownership percentage: 1.73 %) from the Total Number of Shares After Considering Potential Shares (57,791,649 shares). The Tender Offer will not be completed successfully without the consent of the holders of a majority of the number of the Company Shares and Share Acquisition Rights owned by the Company shareholders who do not have any interest in the Offeror, which is known as the “Majority of Minority” condition, will be satisfied, and the Offeror thereby respects the decisions of the Company’s minority shareholders.

4. Important Agreements Relating to the Tender Offer

(1) Non-Tendering Agreement (Founding Family)

The Offeror formed the Non-Tendering Agreement (Founding Family) with Founding Family Shareholders as of today. Details of the Non-Tendering Agreement (Founding Family) are as follows.

(a) Not Tendering in the Tender Offer

The Founding Family Shareholders have agreed not to tender the Non-Tendered Shares they own in the Tender Offer, and not to transfer those shares to any third party or otherwise dispose of the same.

(b) Share Consolidation

The Offeror has agreed that if it fails to acquire all of the Company Shares (excluding treasury shares owned by the Company and Non-Tendered Shares) in the Tender Offer, the Offeror will implement the Share Consolidation and request that the Company hold an Extraordinary General Shareholders Meeting. The Founding Family Shareholders have agreed to exercise the voting rights relating to the Non-Tendered Shares they own at the Extraordinary General Shareholders Meeting in accordance with the instructions of the Offeror and in the same manner as the Offeror.

(c) Share Swap

The Offeror has agreed to implement the Share Swap if any Non-Tendering Shareholder remains a shareholder of the Company after the Share Consolidation becomes effective. The Founding Family Shareholders have agreed to exercise their voting rights relating to the Non-Tendered Shares they own in accordance with the instructions of the Offeror and in the same manner as the Offeror, if they are able to exercise voting rights at the Company's Extraordinary General Shareholders Meeting that includes implementation of the Share Swap in its agenda items.

(d) Reinvestment

The Founding Family Shareholders have agreed that if, as a result of the Share Consolidation, the number of Company Shares owned by any or both of them are denominated in fractions equal to less than one share, and if they receive money from the Company as consideration for those fractional shares, they will earmark all of the money (with taxes and other public charges and reasonable expenses being deducted) for Reinvestment and acquire common shares of the Offeror as promptly as practicably possible after completion of the Share Swap.

(e) Termination

The Offeror and the Founding Family Shareholders have agreed that if they agree in writing to termination, or if the Tender Offer is publicly announced but is not successfully completed, the Non-Tendering Agreement (Founding Family) will terminate automatically.

(2) Non-Tendering Agreement (Foundation)

The Offeror formed the Non-Tendering Agreement (Foundation) with the Foundation as of today. Details of the Non-Tendering Agreement (Foundation) are as follows.

(a) Not Tendering in the Tender Offer

The Foundation has agreed not to tender the Non-Tendered Shares it owns in the Tender Offer, and not to transfer those shares to any third party or otherwise dispose of the same.

(b) Share Consolidation

The Offeror has agreed that if it fails to acquire all of the Company Shares (excluding treasury shares owned by the Company and Non-Tendered Shares) in the Tender Offer, the Offeror will implement the Share Consolidation and request that the Company hold an Extraordinary General Shareholders Meeting. The Foundation has agreed to exercise the voting rights relating to the Non-Tendered Shares it owns at the Extraordinary General Shareholders Meeting in accordance with the instructions of the Offeror and in the same manner as the Offeror.

(c) Share Swap

The Offeror has agreed to implement the Share Swap if any Non-Tendering Shareholder remains a shareholder of the Company after the Share Consolidation becomes effective. The Foundation has agreed to exercise its voting rights relating to the Non-Tendered Shares it owns in accordance with the instructions of

the Offeror and in the same manner as the Offeror, if it is able to exercise voting rights at the Company's Extraordinary General Shareholders Meeting that includes implementation of the Share Swap in its agenda items, to own only Class C preferred shares of the Offeror after the Share Swap becomes effective, and to implement necessary procedures and provide cooperation for that purpose.

(d) Reinvestment

The Foundation has agreed that if, as a result of the Share Consolidation, the number of Company Shares owned by it are denominated in fractions equal to less than one share, and if it receives money from the Company as consideration for those fractional shares, it will earmark all of the money (with taxes and other public charges and reasonable expenses being deducted) for Reinvestment and acquire Class C preferred shares of the Offeror as promptly as practicably possible after completion of the Share Swap.

(e) Termination

The Offeror and the Foundation have agreed that if they agree in writing to termination, or if the Tender Offer is publicly announced but is not successfully completed, the Non-Tendering Agreement (Foundation) will terminate automatically.

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

Not applicable

6. Policy for Responding under the Basic Policy to Control of the Company

Not applicable

7. Questions to Offeror

Not applicable

8. Request for Extension of Tender Offer Period

Not applicable

9. Future Outlook

Please see “(ii) The Background, Reasons and Decision-Making Process Leading to the Decision by the Offeror to Implement the Tender Offer” in “(2) Grounds and reasons for our opinion” in “3. Details of, and grounds and reasons for, our opinion on the Tender Offer,” “(4) Prospects for Delisting; Reasons,” and “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” above.

10. Matters concerning MBO, etc.

(1) Matters concerning measures for ensuring fairness and measures for avoiding conflicts of interest

The Ogawas are officers of the Company, and the Transaction, including the Tender Offer, is subject to the “Matters to be Observed Pertaining to Disclosure of MBO, etc.” as provided in Article 441 of the Securities Listing Regulations.

The Company has taken measures to ensure fairness and avoid conflicts of interest with respect to the Transaction, including the Tender Offer, as described in “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer” in “3. Details of, and grounds and reasons for, our opinion on the Tender Offer” above.

(2) The Special Committee’s opinion regarding fairness to the general shareholders

In addition, as described in “[1] Establishment of an independent special committee at the Company, and procuring a report” in “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer “3. Details of, and grounds and reasons for, our opinion on the Tender Offer” above, the Company has received the Report from the Special Committee stating that the Transaction, including the Tender Offer, is fair to the general shareholders of the Company. Please refer to Attachment 1 for details of the Report.

11. Other

(1) Release of the “Consolidated Financial Results For the 1st Quarter Ended June 30, 2025”

The Company released its “Consolidated Financial Results For the 1st Quarter Ended June 30, 2025” as of today. The following is a summary of the Company First Quarter Financial Results according to the release. Note that the release was not subject of a review conducted by an audit firm. For details, please refer to the release.

Summary of the Consolidated Financial Results For the 1st Quarter Ended June 30, 2025

(from April 1, 2025 until June 30, 2025)

(i) Status of Earnings (Consolidated)

(unit: million yen)

Accounting Term	FY ending March 2026 (First Quarter Consolidated Cumulative Period)
Net sales	52,646
Operating income	4,483
Ordinary income	4,914
Quarterly net profit belonging to parent company shareholders	3,407

(ii) Status Per One Share (Consolidated)

(unit: yen)

Accounting Term	FY ending March 2026 (First Quarter Consolidated Cumulative Period)
Quarterly net profit per one share	59.56
Dividends per one share	0.00

(2) Release of the “Notice of Revision of Interim and Fiscal-year End Dividend Forecasts (No Dividend Payment) for the Fiscal Year Ending March 31, 2026”

As explained in the “Notice of Revision of Interim and Fiscal-year End Dividend Forecasts (No Dividend Payment) for the Fiscal Year Ending March 31, 2026” released today, at the Company’s Board of Directors meeting held today, the Company passed a resolution indicating that on the condition that the Tender Offer will be completed successfully, the fiscal year ending March 2026 expected dividend will be revised and the interim dividend and final dividends in the fiscal year ending March 2026 will not be distributed. For details, please refer to the release.

End of Document

(Reference)

The Written Report (Attachment 1)

“Notice Regarding Commencement of Tender Offer for Share Certificates, etc. of PACIFIC INDUSTRIAL CO., LTD. (Securities Code: 7250)” (Attachment 2)

[U.S. Regulations]

The Tender Offer is for ordinary shares and share acquisition rights of the Company, which is a company incorporated in Japan. The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided in the laws of Japan, and those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; “U.S. Securities Exchange Act of 1934;” hereinafter the same) nor the rules based on these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures and standards. The financial information included in this Press Release is based on Japanese accounting principles, which may differ significantly from generally accepted accounting principles in the United States or other countries. In addition, because the Offeror and the Company is a corporation incorporated outside the United States, and some or all of their officers are non-U.S. residents, it may be difficult to exercise rights or claims that may be asserted against them based on U.S. securities laws. It also may be impossible to initiate an action against a corporation or its officer(s) that are based outside of the United States in a court outside of the United States on the grounds of a violation of U.S. securities laws. Furthermore, there is no guarantee that a corporation that is based outside of the United States and subsidiaries and affiliated companies of such corporation may be compelled to submit themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or a part of the documentation relating to the Tender Offer will be prepared in the English language; however, if there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

This Press Release includes statements that fall under “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Due to known or unknown risks, uncertainties or other factors, actual results may differ significantly from the predictions, etc. indicated implicitly or explicitly as any “forward-looking statements.” The Offeror, the Company and their affiliates do not guarantee that the predictions, etc. indicated implicitly or explicitly in those forward-looking statements will materialize. The “forward-looking statements” in this Press Release were prepared based on information held by the Offeror and the Company as of today, and unless required by laws or regulations, the Offeror, the Company and their affiliates shall not be obligated to amend or revise such statements to reflect future circumstances or situations.

The respective financial advisors and tender offer agents (including affiliated companies thereof) of the Offeror and the Company, may purchase or arrange to purchase Company Shares by means other than the Tender Offer, for their own account or for their client’s account, in their ordinary course of business and to the extent permitted under the financial instrument and exchange laws and regulations, and any other applicable laws and regulations in Japan as well as Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, during the period of Purchase, etc. in Tender Offer. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English website of the financial advisor or tender offer agent conducting such purchases (or by other disclosure methods).

July 25, 2025

To the Board of Directors of PACIFIC INDUSTRIAL CO., LTD.

Special Committee of PACIFIC INDUSTRIAL CO., LTD.

Osamu Motojima, Chairperson

Kan Kakiuchi, Committee Member

Tomoyuki Shinkai, Committee Member

Masako Hayashi, Committee Member

Written Report

This written report (this “Written Report”) sets forth the recommendations resolved by the special committee (the “Special Committee”), which was established by the Board of Directors of PACIFIC INDUSTRIAL CO., LTD. (the “Company”) with respect to the Transaction (as defined in Part 1.), after careful deliberation on the matters consulted by the Company’s Board of Directors from a standpoint independent of the Offeror (as defined in Part 1.), the other parties to the Transaction, and the outcome of the Transaction.

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Part1. Terms

In this Written Report, the terms listed in each of the following items shall have the meanings as defined in the respective items.

- (1) MBO Guidelines: “Guidelines for Management Buyouts (MBO) to Enhance Corporate Value and Ensure Fair Procedures” dated September 4, 2007 established by the Ministry of Economy, Trade and Industry (the “METI”)
- (2) M&A Guidelines: “Fair M&A Guidelines” dated June 28, 2019 established by the METI
- (3) AMT: Anderson Mori & Tomotsune, legal advisor of the Company
- (4) Ogawas: collectively, Mr. Shinya Ogawa, Chairman and Representative Director of the Company and Mr. Tetsushi Ogawa, President and Representative Director of the Company
- (5) Offeror: CORE Inc.
- (6) Offeror Parties: collectively, Mr. Shinya Ogawa, Chairman and Representative Director of the Company and Mr. Tetsushi Ogawa, President and Representative Director of the Company, as well as the Offeror
- (7) Tender Offer Notification: draft of the Tender Offer Notification of the Offeror dated July 28, 2025, as of the preparation date of this Written Report
- (8) First Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company’s Board of Directors on June 18, 2011 (the exercise period is from August 2, 2011 to July 31, 2061)
- (9) Second Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company’s Board of Directors on June 23, 2012 (the exercise period is from August 2, 2012 to July 31, 2062)
- (10) Third Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company’s Board of Directors on June 15, 2013 (the exercise period is from August 2, 2013 to July 31, 2063)
- (11) Fourth Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company’s Board of Directors on June 14, 2014 (the exercise period is from August 2, 2014 to July 31, 2064)

- (12) Fifth Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company's Board of Directors on June 13, 2015 (the exercise period is from August 4, 2015 to August 3, 2065)
- (13) Sixth Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company's Board of Directors on June 18, 2016 (the exercise period is from August 2, 2016 to August 1, 2066)
- (14) Seventh Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company's Board of Directors on June 17, 2017 (the exercise period is from August 2, 2017 to August 1, 2067)
- (15) Eighth Series of Share Acquisition Rights: Share Acquisition rights issued based on the resolution of the Company's Board of Directors on June 16, 2018 (the exercise period is from August 2, 2018 to August 1, 2068)
- (16) TSE: Tokyo Stock Exchange, Inc.
- (17) Opinion Press Release: draft of the Company's press release dated July 25, 2025 titled "Notice Regarding Implementation of MBO and Recommendation for Tender" as of the preparation date of this Written Report
- (18) Company Shares: common shares of the Company
- (19) Company Group: a corporate group consisting of the Company, its 16 consolidated subsidiaries, and one equity-method affiliate
- (20) NSE: Nagoya Stock Exchange, Inc.
- (21) Share Valuation Report: the share valuation report dated July 24, 2025 prepared by Yamada Consulting
- (22) Tender Offer: the tender offer to be conducted by the Offeror for the Company Shares and the Share Acquisition Rights
- (23) Tender Offer Price: the price per Company Share of 2,050 yen that the Offeror plans to set as the purchase price of the Company Shares in the Tender Offer
- (24) Items for Advice: the matters as set forth in Part 2. for which the Company's Board of Directors seeks advice from the Special Committee
- (25) Restricted Shares: the shares of the Company with restriction on transfer granted to the Company's directors and executive officers as restricted stock-based compensation
- (26) Share Acquisition Rights: collectively, the First Series of Share Acquisition Rights, the Second Series of Share Acquisition Rights, the Third Series of Share Acquisition Rights, the Fourth Series of Share Acquisition Rights, the Fifth Series of Share Acquisition Rights, the Sixth Series of Share Acquisition Rights, the Seventh Series of Share Acquisition Rights, and the Eighth Series of Share Acquisition Rights
- (27) Share Acquisition Right Purchase Price: the price per Share Acquisition Right of 1 yen that the Offeror plans to set as the purchase price of the Share Acquisition Rights in the Tender Offer

- (28) Share Acquisition Right Holders: holders of the Share Acquisition Rights
- (29) Squeeze-out Procedure: a series of procedures to be carried out after the completion of the Tender Offer, based on the situation following the Tender Offer, in order to make the Offeror and the Non-Tendering Shareholders the sole shareholders of the Company
- (30) Transaction: a transaction for the purpose of acquiring all of the Company Shares and all of the Share Acquisition Rights (including the Restricted Shares and the Company Shares to be delivered upon the exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company, and the Company Shares held by the Non-Tendering Shareholders), and privatizing the Company Shares
- (31) Non-Tendered Shares: the Company Shares held by the Non-Tendering Shareholders
- (32) Non-Tendering Shareholders: (i) Mr. Shinya Ogawa, (ii) Mr. Tetsushi Ogawa, and (iii) the OGAWA Science and Technology Foundation, a public interest incorporated foundation where Mr. Shinya Ogawa serves as President (Representative Director) and Mr. Tetsushi Ogawa serves as Vice President (Executive Director)
- (33) Yamada Consulting: YAMADA Consulting Group Co., Ltd., financial advisor and third-party calculation agent of the Company

Part2. Items for Advice

- 1. Whether the purpose of the Transaction is considered reasonable (including whether the Transaction contributes to the enhancement of the corporate value of the Company).
- 2. Whether the fairness and reasonableness of the terms and conditions of the Transaction (including the purchase price in the Tender Offer) are ensured.
- 3. Whether the fairness of the procedures to be followed in connection with the Transaction is ensured.
- 4. Based on 1. to 3. above, whether it is determined that the Transaction is not disadvantageous to the minority shareholders of the Company.
- 5. Whether it is appropriate for the Company's Board of Directors to state its opinion in support of the Tender Offer, to recommend that shareholders tender their shares in the Tender Offer

Part3. Procedures leading to the recommendations and the limitations thereto

3-1. Procedures leading to the recommendations

The Special Committee conducted the following tasks and procedure in making its recommendations regarding the Items for Advice.

(1) Committee meetings

The Special Committee held a total of 13 meetings, all of which were attended by all four committee members, to deliberate on the Items for Advice. As a result, as of the preparation

date of this Written Report, the Special Committee has prepared this Written Report with the unanimous agreement of all four committee members.

(2) Documents reviewed

The Special Committee reviewed the Share Valuation Report, the Tender Offer Notification, the Opinion Press Release, and the Hearings, Etc. (as defined in (3) below), as well as other various materials distributed to the Special Committee (the “Reviewed Materials”).

(3) Hearings, Etc.

In order to consider the Items for Advice, the Special Committee conducted hearings, interviews, question-and-answer sessions, and other related activities (collectively, “Hearings, Etc.”), including the following matters, both during committee meetings and outside of scheduled meeting dates:

- ① At the Second, Third, and Eighth Meetings, the Special Committee received explanations from the Company regarding the contents and formulation methods of its business plans, which serve as the basis for the Share Valuation Report, and held a question-and-answer session.
- ② At the Fourth Meeting, it was decided to send a questionnaire to the Company (the “Questionnaire to the Company”) regarding the significance and purpose of the Transaction as perceived by the Company. The Questionnaire to the Company was sent to the Company on March 25, 2025. Based on the written responses received in advance, a question-and-answer session was held with the Company at the Sixth Meeting.
- ③ At the Ninth Meeting, Tenth Meeting, Twelfth Meeting, and Thirteenth Meeting, the Special Committee received explanations from Yamada Consulting regarding the valuation of the Company Shares and related matters, and held a question-and-answer session.
- ④ At the Fourth Meeting, it was decided that the Special Committee would send a questionnaire to Offeror Parties (the “Questionnaire to the Offeror Parties”) regarding the significance and purpose of the Transaction as perceived by them. The Questionnaire to the Offeror Parties was sent to Offeror Parties on December 9, 2024. Based on the written responses received in advance, a question-and-answer session was held with Offeror Parties at the Fifth Meeting. In addition, at the Seventh Meeting, it was decided to send a follow-up questionnaire to the Offeror Parties (the “Follow-up Questionnaire to the Offeror Parties”) regarding the scheme and terms and conditions of the Transaction. The Follow-up Questionnaire to the Tender Offeror Parties was sent to the Offeror Parties on June 16, 2025, and written responses thereto

were received from the Offeror Parties at the Eighth Meeting.

- ⑤ At the First Meeting, the Special Committee received an explanation from AMT regarding the overview, and status of considerations relating to the fairness ensuring measures in the Transaction and the measures to prevent conflicts of interest in the Transaction, and held a question-and-answer session.
- ⑥ The Special Committee received reports from the Company and Yamada Consulting, from time to time, both at Committee meetings or via email outside of meeting dates on a timely basis, regarding the status of negotiations between the Company and the Offeror Parties, on the terms and conditions of the Transaction including the Tender Offer Price.

3-2. Limitations

There are the following limitations in preparing this Written Report and the Special Committee does not guarantee the completeness of the recommendations as made by this Written Report. When reviewing the Transaction by the Company, reference to this Written Report should be made with the understanding that there exist the below limitations.

- (1) The Special Committee does not assume any responsibility whatsoever to a third party concerning the Company's use of this Written Report regardless of whether the Special Committee approved the disclosure to a third party (including the Offeror Parties; hereinafter the same in this (1)) or the use by a third party.
- (2) The recommendation by the Special Committee is mainly based solely on the results of review of the Reviewed Materials and Hearings, Etc. and the Special Committee has not independently collected materials unless otherwise expressly indicated in this Written Report.
- (3) The Special Committee conducted its review on the premises of the following matters.
 - ① The Reviewed Materials, information indicated in other documents provided to the Special Committee, and other information obtained in the course of Hearings, Etc. are true and accurate and no changes were made thereto as of the time of preparation of this Written Report.
 - ② The Offeror Parties themselves, officers and employees of the Offeror or their representatives had not been involved with the Company side in the procedures for negotiations and decision-making for the Transaction.
 - ③ Among the Reviewed Materials, no material changes, that may affect the conclusion of this Written Report, were made to their final versions from their drafts which were submitted as drafts as of the date of their submission.
 - ④ There are no material errors in the materials that were the basis for calculation of the Tender Offer Price.
 - ⑤ There exist no facts, information and materials other than the Reviewed Materials and

information obtained in the course of Hearings, Etc. that may affect the Special Committee's opinion.

Part4. The Special Committee's opinion to the Items for Advice

1. The purpose of the Transaction is considered reasonable (The Transaction will contribute to the enhancement of the corporate value of the Company.).
2. The fairness and reasonableness of the terms and conditions of the Transaction, including the Tender Offer, are ensured.
3. The fairness of the procedures to be followed in connection with the Transaction is ensured.
4. Based on 1 to 3 above, the decision concerning the Transaction is considered to be fair to the Company's general shareholders.
5. It is reasonable for the Company's Board of Directors to state its opinion in support of the Tender Offer, to recommend that the Company's shareholders tender their shares in the Tender Offer, and to leave the decision on whether to tender Share Acquisition Rights to Share Acquisition Right Holders.

Part5. Reasons of the Special Committee's opinion

5-1. The Special Committee's Policy in Reviewing the Transaction

(1) Conflicts of interest and asymmetry of information with respect to the Transaction

The Transaction is to be implemented by the Offeror as part of a so-called management buyout (MBO) based on discussions with Mr. Shinya Ogawa, Chairman and Representative Director, and Mr. Tetsushi Ogawa, President and Representative Director. In addition, while the Offeror is not a controlling shareholder of the Company as of the time of commencement of the Tender Offer, the Squeeze-out Procedure for the Transaction will be implemented by the Offeror which has become the Company's controlling shareholder through the Tender Offer (or by the Company acting for the Offeror) where such transaction would fall under "material transactions, etc. with the controlling shareholder" which would create an issue of conflicts of interest between the controlling shareholder and general shareholders. Therefore, the Company's Board of Directors established the Special Committee on October 28, 2024 comprising outside independent officers, Mr. Osamu Motojima (Audit and Supervisory Committee Member), Mr. Kan Kakiuchi (Audit and Supervisory Committee Member), Mr. Tomoyuki Shinkai (Audit and Supervisory Committee Member), and Ms. Masako Hayashi because there may exist typological and structural issue of conflicts of interest and issue of asymmetry of information in the Transaction, and it is necessary to ensure that the Company's decision-making is done carefully, exclude arbitrariness and conflicts of interest in the course of decision-making by the Company's Board of Directors, and to ensure fairness in such decision-making.

(2) M&A disciplines that should be referred to when reviewing the Transaction

The M&A Guidelines suggest a desirable form of a fair M&A for Japan's corporate society mainly from the procedural perspective which focuses on MBO and takeover of a controlled company by a controlling shareholder (M&A Guidelines 1.2 and 1.3). While the M&A Guidelines are not a law, these guidelines are based on MBO Guidelines compiled through research by a research team comprised of experts hosted by METI. Further, from the fact that the MBO Guidelines are frequently referred to in court precedents concerning the judgement of fairness of an M&A, the M&A Guidelines are considered to have sufficient credibility as official views or other view of similar authority concerning the overall fairness of an M&A where issues of conflicts of interest may arise.

As stated above, the Transaction falls under an MBO which is subject to the M&A Guidelines and this is an M&A transaction that may involve the issue of typological and structural conflicts of interest and the issue of asymmetry of information and it is therefore appropriate to refer to the M&A Guidelines when judging the fairness of the Transaction.

The principals to be observed when conducting M&A as required by the M&A Guidelines are as follows (M&A Guidelines 2.3).

- ① Enhancement of corporate value (whether the transaction is a desirable M&A should be judged based on whether this enhances corporate value)
- ② Ensuring the interests of general shareholders through fair procedures (the interests that should be enjoyed by the general shareholders should be ensured by conducting M&A through fair procedures)

Furthermore, in deciding whether ② is satisfied, it is beneficial to review from the basic perspectives given in the M&A Guidelines, i.e., (i) ensuring conditions that could be equated to transaction between independent parties in the process of forming the terms of the transaction and (ii) ensuring opportunities for general shareholders to make appropriate decisions based on sufficient information (M&A Guidelines 2.4). Furthermore, when specifically reviewing ②, it is effective to review how the measures given by the M&A Guidelines as Fairness Ensuring Measures (M&A Guidelines Chapter 3) are adopted and implemented in the Transaction, and then review whether appropriate measures were chosen that are suitable for the subject situation. In this regard, it is not necessarily required to adopt all measures given by the M&A Guidelines as indicated in the M&A Guidelines (M&A Guidelines 3.1.2), and it is important to confirm that Fairness Ensuring Measures suitable in view of the actual circumstances of the Transaction are adopted and appropriately implemented.

Based on the foregoing, when organizing the Items for Advice, Item for Advice 1 is a request to review whether the Transaction satisfies the criteria to enhance corporate value (above ①). Item for Advice 2 is a request to review whether the fairness and reasonableness of the terms and conditions of the Transaction are ensured, and as grounds therefore, Item

for Advice 3 is a request to review whether the interests of general shareholders are ensured through fair procedures for the Transaction (above ②).

Furthermore, Items for Advice 4 and 5 are considered as requests to confirm the fairness of the opinion of the Company's Board of Directors towards the Tender Offer and the Transaction overall by comprehensively taking into account Items for Advice 1 to 3.

Therefore, the Special Committee reviewed Item for Advice 1 in below 5-2, Item for Advice 2 in below 5-3, and Item for Advice 3 in below 5-4, respectively, and, based on the foregoing reviews, the Special Committee will review Item for Advice 4 in below 5-5 and Item for Advice 5 in below 5-6, respectively.

In relation to the above, the Tokyo Stock Exchange ("TSE") announced "Partial revisions to the Securities Listing Regulations, etc. related to revisions to the listing rules regarding MBOs and subsidiary conversions" and "Revisions to 'Guidebook for the Timely Disclosure of Corporate Information' in connection with partial revisions to the Securities Listing Regulations, etc. related to revisions to the listing rules regarding MBOs and subsidiary conversions" on July 7, 2025, and the revisions to the Securities Listing Regulations, etc. ("Revisions to Listing Regulations, Etc.") was enforced on July 22, 2025. As the Transaction is an MBO that will be decided after enforcement of the Revisions to Listing Regulations, Etc., it is subject to the application of the Revisions to Listing Regulations, Etc. The Revisions to Listing Regulations, Etc. require to obtain an opinion concerning fairness of the MBO for the general shareholders. Item for Advice 4 is a request for advice on whether the Transaction may be considered as not disadvantageous to the minority shareholders of the Company by taking into account Items for Advice 1 to 3, and from the fact that this request for the Items for Advice was made dated October 28, 2024 which was before announcement of the Revisions to Listing Regulations, Etc., in view of the fact that this request was made based on the then TSE Listing Rules, it could be viewed that the Company's Board of Directors anticipated to make a recommendation on the premises of the Revisions to Listing Regulations, Etc. Accordingly, with respect to Item for Advice 4, the Special Committee makes a recommendation on whether the decision for the Transaction could be considered to be fair for the general shareholders on the premises of Items for Advice 1 to 3 in light of the Revisions to Listing Regulations, Etc.

5-2. Enhancement of the Corporate Value; Rationality of the Purpose (in relation to Items for Advice 1)

Items for Advice 1 questions whether the Transaction, including the Tender Offer, will contribute to the enhancement of the corporate value of the Company and the purpose of the Transaction is reasonable.

The Special Committee considered whether the Transaction will contribute to the enhancement of the corporate value of the Company and whether the purpose of the

Transaction is reasonable in light of matters such as the Company's understanding of our business environment and management issues and other impacts.

5-2-1 The Company's understanding of our current situation

(1) The Company's business activities and management policy

According to the Company, the outline of the Company's business activities and management policy are as follows:

- The Company was established as Pacific Industrial Co. (an unlimited company) by founder Soichi Ogawa in Goten-machi, Ogaki-shi, Gifu in August 1930 for the purpose of producing valve cores for automobiles, and its trade name was changed to PACIFIC INDUSTRIAL CO., LTD. in April 1938. The Company Shares went public on the NSE Second Section in October 1962 and the TSE Second Section in October 1963, and after being designated on the TSE First Section and the NSE First Section in August 1970, as a result of the market reclassification by the TSE and NSE in April 2022, the Company Shares are listed on the TSE Prime Market and the NSE Premier Market as of the Submission Date.
- As of the preparation date of this Written Report, the Company Group is engaged in stamping and molding product business, valve product business, and other businesses. The details of each business are described below.

(A) Stamping and molding product business

- The Company Group produces and sells stamping products that use technologies to mold ultra-high-tensile strength steel products that achieve both reduced weight and high strength, and molding products in various fields, including film decorating technologies and soundproofing technologies.
- In the stamping business, the Company believes that there is a growing need for ultra-high-tensile strength steel products that achieve both reduced weight and safety in automobiles as a whole, including electric vehicles; in particular, the Company believes that customers have a growing need for the ultra-high-tensile strength steel cold stamping method, which is the Company's specialty, because CO2 emissions during production are low and it is inexpensive. Therefore, the Company is developing technologies to capture those needs. The Company intends to expand acceptance of orders by expanding sales of new products for electric vehicles and existing body shell parts that use its molding technologies for ultra-high-tensile strength steel products.
- In the molding business, the Company recognizes that there is a growing need for noise countermeasures for motors and compressors, the noise of which had been drowned out by engine noise, and for improvements in electrical cost efficiency, in accordance with the progress of electrification of automobiles, and the Company intends to expand

the acceptance of orders by developing new products for electric vehicles at its technology development center, which will start operations in October 2025, and promoting expansion of bases.

(B) Valve product business

- The Company produces and sells valve products, such as tire valves/valve cores, and various valves for car air conditioners, in which it has the top market share in the world, as well as TPMS (tire pressure monitoring system) products, and forging products, valves for aircrafts, industrial machinery, and energy industries.
- For valve products, the Company recognizes the trend of electrification of automobiles, moving toward carbon neutrality, as an opportunity for growth, and is developing products for thermal management systems, which are becoming increasingly important for efficient utilization of heat in electric vehicles, and plans to focus on the development and expansion of sales of valves for electric vehicles, including electronic expansion valves. The Company is developing the next model of TPMS products, which is compact, lightweight, has low power consumption, and is highly cost-competitive, and plans to take on the challenge of further technological innovation with a view to data business.

(C) Other businesses

- In fields other than mobility, the Company develops, sells, and provides services related to IoT products and applications that use AI technologies, sensing and wireless communication technologies, and other technologies, develops and sells upcycled products, including products made from recycled materials and recyclable products, and provides non-life insurance agency services.
- In terms of IoT products, the Company develops and sells solutions such as “e-WAVES,” which contribute to the improvement of logistics quality, “CAPSULE SENSE,” a cattle body condition monitoring system, and “ENEGRAPH,” which enables visualization of factory energy.
- In the future, the Company plans to take on challenges actively in fields other than mobility, and to strive to acquire new business opportunities that will be the medium- to long-term business pillars of the Company Group by developing products that contribute to solving social issues through the use of core technologies possessed by the Company Group such as sensing and wireless communication technologies developed through TPMS.

(2)The Company’s understanding of our business environment and management issues

The Company acknowledges that the outline of the Company’s business environment

and management issues are as follows:

- The Company is confident, in that it has supported the automotive parts industry as a pioneer in valve cores for more than 90 years, since the development of valve cores used for automobile tires in 1930, and believes that, in response to changes in the business environment, it has expanded its business to automotive stamping and molding products, electronics and control equipment products, and TPMS products for high-performance valves, and has achieved steady growth along with the development of the automobile industry in Japan. Currently, in addition to eight factories, two consolidated subsidiaries and one equity method affiliated company in Japan, the Company has 14 consolidated subsidiaries in seven overseas countries, and the Company is confident that it has established a solid position in the industry as a global company that develops business throughout Japan and overseas. The Company shares “PACIFIC VALUES,” which is a universal value centered on the spirit of the Company’s founding and important thoughts inherited from its predecessors, within the entire Company Group, and is working toward future leaps in growth, establishing “Passion in Creating Tomorrow” as its purpose.
- In addition, in the severe VUCA environment in which the future is unpredictable, the Company believes that significance of its social existence is to empower diverse human resources take on new challenges looking into the future, demonstrate their strengths regardless of gender, nationality, age, work style, etc., and create new value that will have a positive impact on society over the long term; thus, on April 27, 2023, the Company formulated “Beyond the OCEAN,” a mid- to long-term business vision for a view toward 2030, and “NEXUS-26,” a mid-term business plan which covers fiscal years up to fiscal year 2026, based on the following three perspectives: “Purpose” that should be pursued no matter what environmental changes occur, “Long-term strategy” to understand environmental changes and make strategic moves, and “Resilience” that can be applied even when the environment is different from what is expected.
- The Company is working on four basic long-term strategies for building a foundation for growth centered on the “human resources strategy to realize the Company’s purpose” to have each employee demonstrate his or her abilities and take on the challenge of creating new value in the context of long-term trends and the transformation of the value of mobility (and in addition to this strategy, “co-growth of sale and profits,” “value creation through diverse technologies,” and “integration of sustainability and management”), and aims to achieve sustainable growth in the medium- to long-term as a “company trusted and needed by society” and contemplates creating new value for the future and improving the quality of corporate management. On the other hand, the Company believes that the automotive industry, which are major

business partners of the Company Group, is entering a major period of transformation due to the appearance of ideas such as CASE and MaaS, which significantly change the nature of automobiles and values, based on environmental regulations due to climate change measures such as CO2 reduction and diversification of end-user needs, and technological competition such as electrification and automation. The Company believes that, in light of these changes in the external environment, automobile manufacturers are accelerating their environmental efforts to achieve carbon neutrality, development of next-generation mobility such as automated driving and electric vehicles, and the speed of technological innovation, and the competitive environment is intensifying year by year. In particular, in accordance with the shift from gasoline-powered vehicles to electric vehicles, the rise of emerging BEV (battery electric vehicle) manufacturers, mainly in Europe, the United States, and China, and the restructuring of automobile manufacturers with the aim of further accelerating technological innovation, the power balance among automobile manufacturers is changing, resulting in expecting further industry restructuring in the automotive parts industry. In addition to the aforementioned industry trends, companies also are becoming active in the development of relationships such as new business alliances and capital alliances with companies with strengths in these technologies, with the aim of strengthening the use of new technologies and strengthening competitiveness across various fields beyond the boundaries of the automotive industry, such as IoT, AI, and automated driving; thus, the Company believes that the competitive environment among companies is expected to intensify further in the future.

- In addition, the Company expects the business environment to remain uncertain in light of changes in the geopolitical situation, the tariff increase by the United States, rising energy prices, and rising raw material prices and logistics costs due to exchange rate fluctuations. In these circumstances, the automotive parts industry, to which the Company Group belongs, is required to develop new products and technologies in response to rapid advances in automotive technologies and changes in market needs, such as the replacement of parts due to the expansion of electric vehicles, further weight reduction, and higher performance, as well as to strengthen flexible and efficient supply chains to ensure a stable supply, in line with the aforementioned major changes in the automotive industry as a whole. In particular, in the stamping product business, which is a major business of the Company Group, automobile manufacturers are required to make efforts to develop vehicles that achieve weight reduction and high performance to improve vehicle performance, such as reducing fuel consumption and reducing exhaust emissions, and extending cruising range. The Company Group supplies stamping products that meet the needs of society and customers by using the ultra-high-tensile strength steel cold stamping method with low CO2 emissions. In the

future, if the giga casting process, which integrally molds with aluminum casting, is widely adopted for BEVs, the impact on the Company Group, whose business domain is frame parts for the upper body of automobiles, will be limited, but there is a possibility that competition will intensify further in the future as other affected stamping manufacturers producing the undercarriage parts of automobiles enter the upper body parts business.

- Furthermore, in addition to structural changes in technology in the automotive parts industry, the Company expects further intensification of competition in terms of price, due to severe price competition with domestic and overseas competitors, requests for price revisions from automobile manufacturers that are major business partners, in-house production of parts by automobile manufacturers, and alliances between existing competitors. Thus, the Company expects that the business environment surrounding the Company Group becomes even more severe.

(3)Valuation of the Company's understanding

No contradictions or points that contradict objective facts are found in the Company's understanding of our business environment and management issues described above.

5-2-2 Significance of the Transaction

A. Significance of the Transaction assumed by the Offeror

According to the Tender Offer Notification and the Hearings, Etc., the significance of the Transaction assumed by the Offeror Parties is as follows:

(I) Further strengthening of technological development capabilities with a view to carbon neutrality in the future

- In the automobile industry, in which major business partners of the Company Group are involved, gasoline-powered vehicles are being shifted to electric vehicles with the goal of achieving carbon neutrality. Mr. Tetsushi Ogawa believes that in order to improve fuel efficiency and electricity costs and enhance safety caused by the increase in the weight of batteries, the Company Group is required to develop products and technologies rapidly, in line with the growing demand for electric vehicles, as well as the growing need for lighter and stronger vehicle bodies.
- In this business environment, Mr. Tetsushi Ogawa recognizes that the Company Group is promoting the development of ultra-high-tensile strength steel products and aluminum products that contribute to weight reduction, and resin products that improve the comfort and aerodynamic performance required for electrification, in addition to strategic technological development centered on the ultra-high-tensile strength steel cold stamping method, which reduces CO2

emissions during production, in the stamping and molding product businesses. He also recognizes that in the valve product business, the Company Group is accelerating the development of products for thermal management systems, which are becoming increasingly important for electric vehicles, the development of TPMS products to expand the business domain, and the development of products for electric vehicles that make use of core technologies such as sensing technology and fluid control technology.

- However, Mr. Tetsushi Ogawa believes that in order for the Company Group to achieve sustainable growth, because the shift to electrification of automobiles is expected to progress further in the future, it is necessary to invest more quickly and boldly than ever in the establishment of high-value-added proprietary technologies that go beyond existing technologies, and in the development of new products for electric vehicles.
- Specifically, Mr. Tetsushi Ogawa believes that the Company Group needs to strengthen its ability to propose body structures on a unit-by-unit basis, by integrating the sophistication of CAE structural analysis technology with the advanced molding technology that had been developed, and to strengthen its ability to develop new molding products by improving its soundproofing and decoration technology capabilities, through investments in the development of molding methods for difficult-to-mold parts using high-strength ultra-high-tensile strength materials and ongoing capital investment in the Company's technology development center, which will start operations in October 2025. He also believes that the Company Group needs to look at a variety of options for electric vehicle power units, further improve structural analysis and cold press stamping and molding technologies, and actively engage in the development of high-value-added products, new technologies, and new methods that make use of the large-scale stamping facilities that it possesses.
- Through these initiatives, Mr. Tetsushi Ogawa believes that the Company Group will refine its development and production technology capabilities, contribute to carbon neutrality and the improvement of safety and comfort, and become a "proposal-based technology group" that will survive in the decarbonized era, which will increase its competitive advantage over competitors in the medium- to long-term, and further increase the Company Group's corporate value.

(II) Strengthening supply chains for a stable and long-term supply of high-quality products

and strengthening of competitiveness by reducing costs

- In addition to the ongoing shift to electrification of automobiles, the automobile parts industry, which includes the Company Group, will be affected by various factors, such as heightened geopolitical risks, intensifying price competition in Japan and abroad, tariff hikes by the United States, rising labor costs, and rising prices of raw materials, such as steel and other metal materials, including brass and aluminum, rubber materials, and resin materials, due to soaring energy prices and exchange rate fluctuations, as well as logistics costs. For this reason, Mr. Tetsushi Ogawa believes that there is a need to strengthen price competitiveness by strengthening supply chains and reducing costs globally.
- Therefore, Mr. Tetsushi Ogawa recognizes that the Company Group is building a production system capable of adapting to changing market needs by investing in the Higashi Ogaki and Kita Ogaki Plants in Japan, to increase production capacity and create a mass production system for products for electric vehicles, and to create a smart factory with the goal of lean production that thoroughly eliminates waste, such as automation and labor savings in the production process, and integration and utilization of digitalized production site information with management and indirect operation information, while promoting cost reduction activities based on the premise of providing high-quality products, and striving to maintain and improve price competitiveness.
- On the other hand, Mr. Tetsushi Ogawa believes that in order to continue to supply high-quality products in a stable and flexible manner, as a global automobile parts manufacturer, in such a severe and ever-changing business environment, it is essential for the Company Group to build a production system that is in line with the future business strategies of automakers, to optimize transactions throughout the supply chain, and to improve efficiency dramatically by promoting DX in various processes more quickly and boldly than ever before.
- Specifically, Mr. Tetsushi Ogawa believes that the Company Group needs to make a bold shift and reallocate management resources in line with the global strategies of automakers, by expanding the production capacity for electric vehicle parts in Japan and the United States, which are the main bases of the Company Group, strengthening ASEAN bases in anticipation of growth in the Indian market, which is expected to grow in the future, and restructuring bases and optimizing production and sales systems in China, where local automakers are emerging due to the shift to BEVs and plug-in hybrid vehicles (PHEVs), and in Europe, where BEV sales are slowing. He also believes that the Company Group needs to optimize the entire production process, through the visualization and digitalization of all production processes, and to create a global smart factory by

horizontally deploying the technology, production, and improvement know-how cultivated at the global mother plants in Japan, such as the Higashi Ogaki and Kita Ogaki Plants, to overseas bases.

- Through these initiatives, the Company Group will pursue the optimization and stabilization of the entire global supply chain, with the goal of establishing a solid business foundation by improving profitability for the medium- to long-term.

(III) Creation of new businesses looking toward sustainable growth

- In light of the recent dramatic daily changes in the competitive environment surrounding the automobile industry, Mr. Tetsushi Ogawa understands that the Company Group is working on the aforementioned growth strategy for electrification, and is focusing on creating medium- to long-term business pillars in fields other than mobility.
- Mr. Tetsushi Ogawa understands that the Company's mid- to long-term business plan, "Beyond the OCEAN," establishes making "the data businesses utilizing wireless, apps, cloud, AI, and big data new business pillars" its goal for 2030, and currently aims to build a corporate culture that enables the discovery of new business ideas and the creation of new value through the launch of a new business creation project, which is open to internal applications and establishment of the Open Innovation Promotion Section.
- However, in order to achieve the 2030 goal, Mr. Tetsushi Ogawa recognizes that, in addition to promoting the foregoing measures further, it is essential to develop new businesses that anticipate social and customer issues by deepening core technologies, such as wireless communication technology, sensing technology, and AI technology, which already have established a high competitive advantage, and to expand quickly into new business areas through the use of outside management resources.
- Specifically, Mr. Tetsushi Ogawa believes that it is essential to accelerate the creation of new businesses by creating a development environment in which diverse human resources can take on challenges and play an active role, through the establishment of an integrated R&D system for development and production technologies, including prototyping and evaluation, and the expansion of innovation areas, at the Company's technology development center, which will commence operations in October 2025. In addition, he believes that, through flexible business alliances and other alliances, including M&As with companies that can create synergies with the Company Group, it will be able to provide social problem-solving services, not only in the mobility field but also in the fields of disaster prevention and mitigation, agriculture, healthcare, etc., by combining

cutting-edge technological capabilities, know-how, and ideas owned by partners with the technologies of the Company Group, and thereby achieve non-consecutive growth.

(IV) Nurturing and securing human resources to achieve sustainable management

- Amidst the shrinking working population due to the declining birth rate and aging population, and young people being less interested in automobiles in Japan, securing human resources at companies in the automobile industry is expected to become increasingly difficult in the future. In addition, Mr. Tetsushi Ogawa understands that the Company Group believes that in order to achieve growth over the medium to long term in the future, in the challenging business environment, it is necessary to put the Company's purpose, "Passion in Creating Tomorrow," into practice as well as to nurture and secure outstanding human resources who can carry out corporate reforms including implementation of the measures discussed in items (I) through (III) above, and that it will be necessary to improve each employee's capability by strengthening human capital, and to build mechanisms that enable diverse employees to grow and actively participate with "passion."
- In these circumstances, Mr. Tetsushi Ogawa understands that, as part of developing an environment in which diverse employees can demonstrate their individual strengths, the Company Group is promoting its human resources strategy through two primary measures: measures to "improve infrastructure," which include maximizing human resources and improving the work environment, respecting human rights and providing pleasant work conditions, and prioritizing health and safety for employees; and measures for "business growth," such as skill development and career support to promote the growth of human resources, and transformation of corporate culture to one that encourages challenge; and that by improving employee engagement through these measures, the Company Group is working to create a psychologically safe work environment in which employees can make proposals proactively and take on challenges.
- However, to adapt to changes in the automobile industry and to maintain and improve sustainable growth and competitiveness into the future, Mr. Tetsushi Ogawa believes that it is essential for each of the employees that are human resources to acquire cutting-edge specialized knowledge and skills that are in line with the trends of the times, including electrification, digital transformation, and globalization, and for the Company Group to nurture and secure human resources who are motivated and actually able to think and act on their own in a corporate culture that encourages challenge.

- Specifically, Mr. Tetsushi Ogawa believes that it is necessary to strengthen educational programs related to general business skills such as leadership and marketing, to create an environment in which everyone can fulfill their potential by actively promoting career development and relearning, and to visualize the skills and abilities of employees and strengthen areas of deficiency.
- In addition, Mr. Tetsushi Ogawa intends to provide DX literacy education to all employees and promote company-wide activities that treat DX as a personal matter to raise digital literacy and to work to optimize the company's human resources, bringing out the best performance of employees by assigning the right DX specialized human resources in the right places based on the characteristics of each department. He believes that human resources are the foundation of sustainable corporate growth and that investment in human resources as set forth above is crucial for the improvement of the Company Group's corporate value over the medium to long term.

B. Significance of the Transaction assumed by the Company

According to the Opinion Press Release and the Hearings, Etc., the significance of the Transaction assumed by the Company is as follows:

- The business environment surrounding the Company has changed significantly and uncertainty regarding sustainable growth is extremely high. Therefore, while maintaining the Company's listing, even research and development or capital investments that contribute to enhancing corporate value in the medium to long term may need to be postponed out of consideration for the share price, due to concerns about deterioration in earnings or cash flows in the short term, which could result in falling behind domestic and international competitors
- If the Company Shares are privatized through the Transaction, we believe that we will be able to avoid the two risks mentioned above and carry out research and development or capital investments flexibly and promptly regardless of short-term performance or the impact on stock prices.

In addition, the Company also believes that it is necessary to implement each of the measures in (I) through (IV) assumed by the Offeror. Specifically, regarding (I) Further strengthening of technological development capabilities with a view to carbon neutrality in the future, the Company believes that it is necessary to enhance its competitive advantage over competitors by leveraging its strengths in rapid product and technological development adapted to the electrification of automobiles, in order to achieve sustainable growth in the decarbonization era. Regarding (II) Strengthening supply chains for a stable and long-term supply of high-quality products and strengthening of competitiveness by reducing costs, the Company believes that fundamental improvements in efficiency

through DX investment in various processes throughout the supply chain are necessary to establish a stable product supply system amid environmental changes such as tariff hikes by the United States, rising labor costs, and rising in raw material and logistics costs. Regarding (III) Creation of new businesses looking toward sustainable growth, the Company believes that in order to build a solid business foundation amid the rapidly changing environment surrounding the automotive industry, it is necessary not only to respond to intensifying competition but also to develop new businesses that meet the changing issues and needs of society and our customers. Regarding (IV) Nurturing and securing human resources to achieve sustainable management, the Company believes that securing and nurturing human resources is indispensable for achieving medium- to long-term growth in a society where the working population is shrinking due to the declining birth rate and aging population and the trend away from automobiles is accelerating. Therefore, the Company believes it necessary to promote all of these measures to enhance the Company's medium- to long-term corporate value.

C. Valuation of the significance of the Transaction assumed by the Offeror and the Company

Each of the measures (I) through (IV) assumed by the Offeror accurately captures the aforementioned management issues of the Company and is consistent with the Company's understanding and medium to long term management policies. In addition, in view of the fact that Mr. Tetsushi Ogawa, the current President and Representative Director of the Company, and Mr. Shinya Ogawa, the current Chairman and Representative Director of the Company, who are members of the founding family and have deep understandings of the group's management, will continue to be involved in the management of the Company, and make flexible and agile management decisions by aligning ownership and management, there is no reason to deny the feasibility of each measure.

D. Comparison with other methods

According to the Tender Offer Notification and the Opinion Press Release, since late July 2024, Mr. Tetsushi Ogawa has come to believe through the process of conducting concrete considerations of each of the measures described in (I) to (IV) above that these measures will not immediately contribute to the Company Group's business performance, but that considerable time and upfront investment will be necessary. For this reason, there is a risk that the Company Group's financial standing and business performance will temporarily deteriorate including a decline in profit levels, deterioration of cash flows, and so on, and the possibility that the Company Group will temporarily face difficulty generating expected profits cannot be denied.

Furthermore, while Mr. Tetsushi Ogawa came to hold the above views, since the

Company is a listed company, a commitment to short-term performance is required, and as a result of the decision-making by Mr. Tetsushi Ogawa with a priority on medium-to-long-term growth through the execution of the policies described above, there is a possibility that capital markets will fail to adequately value the Company's efforts, its stock price will decline, and the interests of existing shareholders will be harmed. Consequently, Mr. Tetsushi Ogawa has come to believe that it will be difficult to implement these measures while the Company remains a listed company. On the other hand, in order to survive in the increasingly competitive environment of the automobile industry, which is undergoing a period of great change, Mr. Tetsushi Ogawa has come to strongly recognize that these measures should be implemented as soon as possible.

In addition, Mr. Tetsushi Ogawa recognizes that, since the Company Shares went public on the NSE Second Section in October 1962, the Company has enjoyed the benefits of being a listed company including recruiting outstanding human resources as a result of the Company's increased name recognition and enhanced social trust. On the other hand, he believes that, considering the Company's track record of efficiently raising capital from financial institutions, it may be possible for the Company to secure capital necessary for business operations through equity and borrowings from financial institutions and does not expect there to be a need to raise funds through the use of equity financing for the time being, and the Company Group has established a solid position in the industry as a global automotive parts manufacturer with more than 90 years of history, and through its business activities for a long period time the Company has already established a certain level of brand recognition and credibility among its business partners, and therefore, Mr. Tetsushi Ogawa believes that both the need for and benefits of maintaining the Company's public listing are currently diminishing.

Further, due to revisions to the Corporate Governance Code and tighter regulation of capital markets in recent years, the number of items that require additional and ongoing disclosure to stakeholders through securities reports and corporate governance reports has been increasing year by year. The human and financial costs necessary for maintaining a listing as a publicly-traded firm, are trending upward, and since the possibility that these costs will impose substantial burdens on the execution of the Company Group's management, Mr. Tetsushi Ogawa questions the significance of maintaining the listing of the Company Shares.

Based on the circumstances above, in early August 2024, Mr. Tetsushi Ogawa explained the above views to Mr. Shinya Ogawa, Chairman and Representative Director of the Company, and began looking into the possibility of delisting the Company Shares as one possible option to execute growth strategies, considering enhancement of the Company Group's corporate value, taking into account that although the measures described in (I)

through (IV) above should be implemented as quickly as possible, it would be difficult to do so while the Company remains a listed company, and that it has been agreed that, at present, the necessity and advantages of remaining listed have diminished.

Since early August 2024, the Ogawas have carefully considered the facts that it is highly likely that it will take some time to implement the Company Group's business strategies and each of the measures and that due to changes in the business environment and intensified market competition, it is necessary to implement these measures quickly, and also have considered the feasibility of going private, its business and financial impacts, and its impact on various stakeholders. As a result, in mid-September 2024, the Ogawas reached the conclusion that in order to stably and continuously increase the Company Group's corporate value without being constrained by short-term profits, delisting the Company Shares would be the most effective means of dynamically carrying out various measures while avoiding having the Company shareholders bear the risk, including a decline in share price due to a temporary deterioration of business performance in conjunction with execution of the measures described above.

At the same time, the Ogawas believe that in order to consistently implement the measures described in (I) through (IV) above from a medium-to-long-term perspective and promote improved corporate value, it will be necessary to delist the Company Shares while maintaining continuity with the Company's business management until now, and that in order to achieve this, it will be necessary for the Ogawas, members of the Company's founding family and currently the Chairman and Representative Director and President and Representative Director, respectively, who have the greatest understanding of the Company Group's management, to continue to manage the Company Group, and, that it will be necessary for the Ogawas themselves to conduct flexible and dynamic management decision-making by aligning ownership and management under his commitment, and therefore concluded that a management buyout (MBO) is the optimal means for achieving this.

In light of the above points, it is considered reasonable to make a decision to seek to enhance corporate value through the Transaction without resorting to other methods such as bold business transformation while maintaining the Company's listing or privatization through M&A with other partners.

E. Other impacts of the Transaction

As a result of the review of the Reviewed Materials and the Hearings, Etc., the following matters were identified as concerns about the impact of the Transaction on the Company's business activities:

- (A) Impact on business partners, including customers and suppliers
 - As a global automotive parts supplier with over 90 years of history, the Company

has established a solid position in the industry, and through its long-standing business activities, the Company has already secured a substantial business foundation, including brand power, name recognition, and creditworthiness of business partners. Therefore, the Company believes that it will be possible to maintain good relationships with business partners even after the privatization. Furthermore, the Company aims to prove worthy of the trust and expectations of all the stakeholders including the shareholders who have assisted the Company up until now through promotion of the development of new businesses, technologies, and products that contribute to further improvements in safety and reductions in environmental impact. The Company believes that this will lead to further enhancements in the Company's corporate image and brand power in the medium to long term.

(B) Impact on future financing

- The Company does not currently anticipate the need for financing through the use of equity financing for the time being. However, the Company understands that the Company will receive substantial support from financial institutions in connection with the formation of LBO loans for the privatization through the Transaction, and the Company recognizes that this may pose a hurdle in credit reviews if the Company decides to raise additional funds after the Transaction.
- On the other hand, in addition to the Company's track record, the Company has a sound financial foundation and believes that the Company has established good relationships with the financial institutions with which the Company conducts transactions, and therefore does not anticipate any impact on financing.

(C) Impact on compliance systems

- The Company recognizes that maintaining and strengthening compliance systems is important for achieving continuous business growth, regardless of whether the Company Shares are listed or delisted. The Company assume that further efforts will be made to develop the system even after delisting. The Company believes that further strengthening of the governance system will be possible by allocating the human and financial resources necessary to maintain the Company's listing to various activities related to business operations and to activities for the appropriate management of those activities.

(D) Impact on future human resource recruitment

- As stated in (A) above, as a global automotive parts supplier with over 90 years of history, the Company has established a solid position in the industry, and

through its long-standing business activities, the Company has already secured a substantial business foundation, including brand power, name recognition, and creditworthiness of business partners. The Company believes that these factors also contribute to the Company's competitive advantage in recruitment compared to other companies, and that the delisting in connection with the Transaction will have only a limited negative impact on future recruitment.

(E) Presence or absence of, extent of, and countermeasures against the impact on existing employees

- The Company intends to maintain at least the current level of employment and treatment for employees after the Transaction. In addition, the Offeror has indicated that it is considering further expansion of human resources investment and human resource development, and the Company believes that the Transaction will also bring significant advantages to employees. Therefore, the Company believes that the delisting associated with the Transaction will have no negative impact on existing employees.

(F) Impact on the Company's business and stakeholders

- The Transaction is expected to enhance the corporate value of the Company, and the Company believes that it will receive a positive evaluation from the Company's shareholders. Regarding the disadvantages of delisting, the Company assumes that its creditworthiness as a listed company will deteriorate, that it will have limited means to raise funds through equity financing, and that it will maintain and secure human resources (new hires and retention of existing employees). However, the Company's business foundation, brand power, and creditworthiness have already been established, and the Company does not currently anticipate the need for financing through the use of equity financing for the time being, and the Company believes that there is very little possibility of a shortage of human resources due to delisting. Therefore, the Company believes that there are no disadvantages resulting from delisting.
- In addition, the Company believes that the Company's business partners and employees will understand the Transaction by providing a thorough explanation after the announcement of the Transaction.

(G) Impact of financing related to the Transaction

- The Offeror Parties expect to finance the Transaction with LBO loans from banks and preferred shares. In each case, the Offeror Parties expect to raise funds in consideration of the Company's cash flows, financial condition and other factors

so as not to have an impact on the Company's business operations with respect to various conditions, including repayment or redemption, interest rate or charges and covenants.

- Based on the answers from the Offeror Parties, the Company also believes that the financing related to the Transaction will not affect the Company's business operations, taking into account the necessary investments and cash flows, with respect to various conditions, including repayment or redemption, interest rate or charges and covenants.

In light of the above points and the content of question-and-answer sessions with the Company related thereto, there are no circumstances that would constitute a significant obstacle to the enhancement of the corporate value of the Company through the Transaction.

5-2-3 Summary

Based on the above facts, the synergies expected from the Transaction are reasonable, and there are no contradictions or discrepancies between the assumptions of the Offeror Parties and the Company's assumptions. Therefore, the execution of the Transaction is deemed to contribute to resolving the management issues recognized by the Company.

Furthermore, the reasons explained for why the Transaction should be used rather than other methods, such as bold business transformation while maintaining the Company's listing or privatization through M&A with other partners, are also deemed reasonable, and it is considered appropriate to use the Transaction. In addition, there are no circumstances that would constitute a significant obstacle to the enhancement of the corporate value of the Company through the Transaction.

Therefore, the Transaction, including the Tender Offer, will contribute to the enhancement of the corporate value of the Company and the purpose of the Transaction is reasonable.

5-3. Reasonableness of transaction terms (in relation to Items for Advice 2)

Items for Advice 2 questions whether reasonableness is ensured with respect to the terms in the Transaction, including the Tender Offer (including the Tender Offer Price) .

In considering the reasonableness of the terms in an M&A, it is important ① to ensure that in discussions and negotiations of transaction terms with an acquiring party, reasonable efforts are made to conduct the M&A transaction on the best possible transaction terms for general shareholders, while also increasing corporate value, ② to confirm the contents of the stock price valuation, which is an important basis for judging the rationality of transaction terms, and the rationality of financial forecasts, assumptions and other factors which are the premises for such valuation, and ③ to examine not only the level of the

acquisition consideration but also the reasonableness of both the acquisition method and types of acquisition consideration (M&A Guidelines 3.2.2).

In addition, as the specific details of ② above, the M&A Guidelines state that it is advisable to evaluate, in addition to valuation results by an independent third party valuation advisor with expertise, the positioning and feasibility of the business plan on which the valuation was based, the characteristics of the valuation methodologies used, the level of premiums generally paid in similar M&A transactions, the value that can be realized without such M&A transaction, the expected increase in corporate value created by such M&A transaction (M&A Guidelines 3.3.2.1B)). Similarly, as the specific details of ③ above, the M&A Guidelines state that it is advisable to evaluate the existence and nature of alternative transactions (M&A Guidelines 3.3.2.1B)).

Therefore, the Special Committee also considered the reasonableness of the terms in the Transaction as per ① to ③ above based on the matters pointed out in the M&A Guidelines.

(1) Ensuring negotiation circumstances

First, while fairness of procedures serves as a factor to presume that “reasonable efforts are made to conduct the M&A transaction on the best possible transaction terms for general shareholders” in ① above, as a precondition to find that such reasonable efforts have been made in the Transaction, the Special Committee confirms through the consideration of Items for Advice 3 in 5-4. below that the procedures of the Transaction are found to be fair.

In addition, after receiving a price proposal from the Offeror on June 25, 2025 to set the Tender Offer Price at 1,600 yen and to set the Share Acquisition Right Purchase Price at 1 yen, in light of the results of the estimates of the share value of the Company Shares reported by Yamada Consulting and the opinions of the Special Committee including a negotiation policy to negotiate up to a reasonable price based on the results of the relevant estimates, and receiving advice from Yamada Consulting, on July 4, 2025, the Company made a request to the Offeror to raise the Tender Offer Price from the perspective of protecting the general shareholders of the Company. Thereafter, on July 7, 2025, the Company received a proposal from the Offeror to set the Tender Offer Price at 1,800 yen and to set the Share Acquisition Right Purchase Price at 1 yen. On July 10, 2025, the Company requested the Offeror to raise the Tender Offer Price from the perspective of protecting the general shareholders of the Company. Subsequently, on July 16, 2025, the Company received a proposal from the Offeror to set the Tender Offer Price at 1,900 yen and to set the Share Acquisition Right Purchase Price at 1 yen, and on July 18, 2025, the Company requested the Offeror to raise the Tender Offer Price from the perspective of protecting the general shareholders of the Company. Subsequently, on July 22, 2025, the Company received a proposal from the Offeror to set the Tender Offer Price at 1,970 yen and to set the Share Acquisition Right Purchase Price at 1 yen, and on July 23, 2025, the Company requested the Offeror to raise

the Tender Offer Price from the perspective of protecting the general shareholders of the Company. Subsequently, on July 24, 2025, the Company received a proposal from the Company to set the Tender Offer Price at 2,050 yen and to set the Share Acquisition Right Purchase Price at 1 yen. As a result of considering such proposal, as described in (2) F. below, the Company and the Special Committee concluded that the level of the Tender Offer Price was reasonable, and the Company finally agreed with the Offeror to set the Tender Offer Price at 2,050 yen and to set the Share Acquisition Right Purchase Price at 1 yen. Throughout this series of negotiations, updates and explanations were provided to the Special Committee by the Company or by Yamada Consulting, either during committee meetings or via email on a timely basis, as appropriate, and the negotiation circumstances were ensured while policies were confirmed by the Special Committee as necessary.

As such, the Company has made reasonable efforts to conduct the Transaction on the best possible transaction terms for general shareholders, while also increasing corporate value of the Company.

Based on the above, it is presumed that agreement on the Tender Offer Price in the Transaction has been reached as a result of negotiations based on objective and coherent discussions between the Company and the Offeror that are substantially comparable to those between independent parties, and circumstances that raise doubts as to the transparency of the agreement process and fairness have not been found.

(2) Relation between the share price calculation and the Tender Price Offer

A. Rationality of business plan

The calculation results of the share price by Yamada Consulting will be the main materials for considering the fairness and reasonableness of the Tender Offer Price. Since the calculation results are based on the business plans prepared by the Company (the “Business Plans”), the issue lies in whether the Business Plans used as the basis for the calculation results are credible. In particular, since the Business Plans have been prepared and amended after the possibility of implementing the Transaction has been specifically recognized, it is necessary to pay attention to the fact that the Business Plans may be easily arbitrarily interfered with a view to affect the success or failure of the Transaction.

According to the Hearings, Etc. and the Opinion Press Release, as the Company’s financial forecasts for the period from March 2026 to March 2030, the Business Plans conform to the basic materials of the Company’s midterm management plans made public in April 2023, before the possibility of implementing the Transaction has been specifically recognized, and has been prepared in June 2025 on a standalone basis, that is, not based on the implementation of the Transaction. No fact of the Offeror Parties or their interested persons having been involved in or having affected the preparation of the Business Plans may be gathered from the Hearings, Etc.

In addition, on the date of the meeting of the Special Committee, the Company was provided with an opportunity to explain to the Special Committee, followed by a question-and-answer session. In the meeting, circumstances that require amending the Business Plans and other circumstances for questioning the rationality of the Business Plans were not found.

In other words, according to the Hearings, Etc., the Business Plans were amended after they were approved by the Special Committee at the Third Meeting, and presented once again at the Eighth Meeting. No fact of the Offeror Parties or their interested persons having been involved in or having affected the said amendment may be gathered from the Hearings, Etc. In addition, the said amendment was made in connection with the changing market conditions due to Trump tariffs and review of the domestic and overseas automobile production, etc., and similar amendments have also been made several times in the past when there was a gap between the business plan and the current performance. Although there are significant increases and decreases in free cash flow in the Business Plan, the rationality thereof was reviewed at the Thirteenth Meeting, and it was confirmed that there are no particular issues. Therefore, it may be stated that the Business Plans were merely amended in the Company's ordinary course of performance of business.

Based on the above, the process for drawing up the Business Plans were not found to have been applied pressure by the Offeror Parties, and the details of the Business Plans are not found to constitute unreasonable forecasts.

B. Rationality of the method of and basis for calculation

In the Ninth Meeting and Tenth Meeting, the Special Committee received a detailed explanation on the results of the calculation of the share value of the Company Shares, calculation method and process leading to the considerations of the calculation results, etc., from Yamada Consulting.

First, the evaluation method adopted by Yamada Consulting is a method for evaluating going concern corporate value, and to be specific, Yamada Consulting adopted the market price method, the comparable company analysis method and the discount cash flow method (the "DCF Method"). The combination of evaluation methods where the upper limit of the evaluation is assessed by the DCF Method which incorporates present value of future cash flows in the evaluation on the basis of market price meets the standard approach to corporate evaluation, and is therefore appropriate.

Of the evaluation method adopted by Yamada Consulting, the market price method sets the business day prior to the date of announcement of the Transaction as the reference date, and calculates the share price based on the closing price of the reference date and the simple average of the closing prices for the immediate one (1)-month period, three (3)-month period and six (6)-month period from the reference date. With respect to the

changes in the Company's share prices, even in light of the fact that there have been no material changes resulting from special factors or particularly abnormal movements, it has been determined that the period subject to the share price evaluation in Yamada Consulting's calculation is appropriate, and that the price range in the market price method is sufficiently reasonable.

With respect to the comparable company analysis method, the Company's share price is calculated by comparing the financial indicators such as market price and profitability of the Company with those of listed companies that operate relatively comparable businesses. With respect to the selection of comparable companies, Yamada Consulting has given an explanation that the companies have been selected based on the recognition of the Company and the evaluation from the market. There is nothing particularly unreasonable in this explanation, and it has been determined that the price range that has been calculated based on each multiple of the comparable companies is sufficiently reasonable.

Next, with respect to the DCF Method, it is likely that the final calculation results may change substantially if the figures are arbitrarily manipulated or unreasonable preconditions are attached in each of the calculation factors. From this perspective, the Special Committee confirmed the calculation process with Yamada Consulting in the Hearings, Etc. With respect to various calculation basis adopted in the DCF Method, no arbitrary manipulation of figures or attachments of unreasonable preconditions that should be particularly pointed out were found.

Based on the above, the selection of the market price method, comparable company analysis method and the DCF Method, and the method of and basis for the calculation for each method have not been found to be unreasonable, and the Special Committee has assessed that the Share Valuation Report prepared by Yamada Consulting may be relied on in considering the share value of the Company Shares.

C. Results of share valuation

According to the Share Valuation Report prepared by Yamada Consulting, the share value of the Company Shares based on each valuation method is set forth in Table 1 below:

<Table 1: Share Value of Company Shares Calculated by Yamada Consulting>

Calculation Method	Reference Date	Share Value Per Share
Market price method	July 24, 2025	1,317 yen – 1,461 yen
Comparable company	July 22, 2025	668 yen – 1,804 yen

analysis method		
DCF Method	July 22, 2025	1,594 yen – 2,393 yen

The Tender Offer Price of 2,050 yen per share is a price that exceeds the upper limit of the valuation range based on the market price method and the comparable company analysis method, and exceeds the median value (1,994 yen) of the valuation range based on the DCF Method, but falls within such valuation range.

In light of the foregoing, we believe that the Tender Offer Price reaches a level that is not disadvantageous to the general shareholders when compared with the share value of the Company Shares as calculated by Yamada Consulting.

D. Consideration of premiums

(A) Premiums in the Transaction

According to the explanations provided by Yamada Consulting during the Hearings, Etc., the Tender Offer Price is the amount obtained by adding the premium, as set forth in Table 2 below, to the closing price of the Company Shares on the Prime Market of the TSE up to July 24, 2025 (the “immediately preceding business day”).

<Table 2: Premiums on the Tender Offer Price>

Reference Price	Share Price	Premium
Closing price as of the immediately preceding business day	1,461 yen	40.31%
Average closing price for the past one month as of the immediately preceding business day	1,367 yen	49.96%
Average closing price for the past three months as of the immediately preceding business day	1,317 yen	55.66%
Average closing price for the past six months as of the immediately preceding business day	1,341 yen	52.87%

(B) Comparison with other transactions

As it is not possible to establish a single, objective standard for determining the appropriate amount of premium on share prices in tender offers (M&A Guidelines 2.2.2), the Special Committee has determined that it cannot be immediately concluded

that the Tender Offer Price is appropriate or inappropriate solely because the foregoing premium is being added to the Tender Offer Price.

However, according to the explanations provided by Yamada Consulting during the Hearings, Etc., the aforementioned premium is at a reasonable level when compared to the levels of premiums offered upon determining the purchase price in 167 tender offer cases conducted as part of MBO announced during the period from June 28, 2019, when the Fair M&A Guidelines were published, to May 15, 2025 (the average value (44.31%) of the premiums on the closing prices as of the business days preceding the announcement dates for those MBO transactions, the average value (46.99%) of the premiums on the simple average closing prices for the most recent one month, the average value (48.47%) of the premiums on the simple average closing prices for the most recent three months, and the average value (47.51%) of the premiums on the simple average closing prices for the most recent six months).

E. Relationship with PBR

The Tender Offer Price of 2,050 yen per share is below the Company's net asset value per share of 2,877 yen as of June 30, 2025 (the Tender Offer Price represents a 28.75% discount compared to this amount). However, according to explanations provided by the Company and Yamada Consulting, even in the event of the Company's liquidation, the book value of net assets would not necessarily be realized in full. The lands and buildings owned by the Company serve as its head office and factories and, considering that a considerable amount of time has passed since the construction of the head office and factory buildings, and that they have become aged and deteriorated, it is expected to be difficult to sell them at their book values. Therefore, significant losses are anticipated in consideration of the facts that it would be necessary to sell the sites as vacant land, which would require costs to demolish the existing buildings, significant additional costs would be required for foundation work related to removal of machinery and equipment upon the sale thereof, and that work-in-process in the production process, finished goods, and raw materials would have to be disposed of. In addition, if the Company Group were to be liquidated, including its subsidiaries, it is expected that a significant amount of additional costs would be required, such as special retirement allowances for employees and professional fees including legal fees, among other expenses associated with corporate liquidation. In light of the above, the amount that would ultimately be distributed to the Company's shareholders would, in reality, be considerably reduced from the book value of net assets of the Company. Furthermore, net asset value represents the liquidation value of the Company and does not reflect its future profitability. Therefore, it is not reasonable to place emphasis on net asset value when assessing the corporate value of the Company as a going concern.

Therefore, the Special Committee does not consider that the rationality of the Tender Offer Price will be denied by the fact that the Tender Offer Price is below the Company's net asset value per share by itself.

F. Summary

In light of the comparison with the results of the share valuation conducted by Yamada Consulting, as noted above, and the fact that the Transaction secures a premium that is generally close to and comparable with the levels observed in past cases as well as the fact that the Tender Offer Price is above 1,998 yen, the highest price of the Company Shares since listing (recorded on October 4, 2018), it can be said that the level of the Tender Offer Price is reasonable.

The Business Plans and the Share Valuation Report based thereon have been prepared on a standalone basis. However, given that the premium levels described in D. above are secured, it can be deemed that due attention has been paid in this case to the points set forth in the M&A Guidelines, which state that general shareholders should receive ① the entire value that can be realized without an M&A transaction and ② an appropriate portion of the value that cannot be realized without an M&A transaction (M&A Guidelines 2.2.1).

In view of the foregoing circumstances, we believe that the Tender Offer Price appropriately reflects the share value of the Company Shares and is not at a level that would undermine its reasonableness.

(3) Reasonableness of the scheme, etc.

The Transaction is expected to be implemented in two steps: first, through the Tender Offer, and second, through the consolidation of the Company Shares (the "Share Consolidation"). It is not anticipated to be implemented by means of a share exchange or other form of organizational restructuring (however, once the Squeeze-out Procedure is completed and only the Offeror and the Non-Tendering Shareholders remain as shareholders of the Company, it is anticipated that a share exchange will be implemented whereby the Offeror will become a wholly-owning parent company and the Company will become a wholly-owned subsidiary, with the Offeror's common shares provided as consideration, for the purpose of making the Offeror the sole shareholder of the Company). The method of the Transaction is one generally employed for this type of going-private transaction and enables a petition to be made to the court for the determination of the share price following a request for the purchase of shares in the second-step procedure.

In addition, considering that the consideration to be received by the shareholders is cash, the method of this Transaction is desirable, since such consideration is easy to understand and its value is highly stable and objective. From the perspective of expeditiously making

the Company a wholly-owned subsidiary and ensuring that general shareholders and others have the opportunity and time to make an fully informed and appropriate decision, this method is also preferable to a share exchange or other organizational restructuring in which shares or other forms of considerations are used. The Tender Offer Notification clearly states that the amount of money to be delivered to the Company's shareholders as consideration upon the Share Consolidation will be calculated so that it equals the amount obtained by multiplying the Tender Offer Price by the number of Company Shares held by each shareholder.

In light of the foregoing, it is reasonable to adopt a two-step acquisition method involving a tender offer, utilizing cash as the consideration for the acquisition (M&A Guideline 3.2.2).

(4) Reasonableness of the Share Acquisition Right Purchase Price

The Share Acquisition Right Purchase Price is set at 1 yen per Share Acquisition Right. This price is deemed reasonable, given that the Offeror will not be able to exercise any Share Acquisition Rights even if it acquires them.

(5) Summary

As stated in (1) through (4) above, the Tender Offer Price is deemed appropriate in light of the status of negotiations regarding the Transaction and the reasonableness of the scheme, among other factors. Furthermore, the reasonableness of the terms and conditions of the Transaction, including the Tender Offer, is ensured because general shareholders are guaranteed to receive the same amount of consideration as the Tender Offer Price per Company Share, regardless of whether such consideration is received through the Tender Offer or the Squeeze-out Procedure.

5-4. The fairness of the procedures (In relation to Items for Advice 3)

Next, the Special Committee examined whether it is acceptable to ensure the fairness of the procedures relating to the Transaction, including the Tender Offer, by confirming the status of adoption and operation of the Fairness Ensuring Measures referred to in the M&A Guidelines.

(1) Establishment of the special committee and procurement of written report from the said committee

The Special Committee is consulted on the Items for Advice from the Company, and in considering the Items for Advice, the special committee has been implementing the role that it should play under the M&A Guidelines (specifically, ① to examine and judge the necessity of M&A from the perspective of whether it contributes to the enhancement of the target company's corporate value, and ② to examine and judge (i) the reasonableness of the terms and conditions of the transaction and (ii) the fairness of the procedures, from the

perspective of pursuing the interests of the general shareholders) (M&A Guidelines 3.2.2).

In addition, the Special Committee is considered to be functioning effectively as the Fairness Ensuring Measures since it has been operated in the ways described in the following points.

- ① After receiving a letter of intent regarding the Transaction from Mr. Shinya Ogawa and Mr. Tetsushi Ogawa on October 25, 2024, the Special Committee was established on the 28th of the same month, and the First Meeting was held on November 6 of the same year. The said committee was established, and the said meeting was held as soon as possible after receiving the acquisition proposal from the acquirers (M&A Guidelines 3.2.4.1).
- ② The Special Committee is comprised of four independent outside directors of the Company, and it was confirmed that each member is independent from the Company, the Offeror Parties, and the success or failure of the Transaction, and is qualified to serve as a member (M&A Guidelines 3.2.4.2 B)a)).
- ③ The Special Committee confirms that it can be substantially involved in the negotiation process regarding the terms and conditions of the Transaction by confirming the policies in advance regarding the negotiation on the terms and conditions of the Transaction, receiving timely reports on the status thereof, expressing its opinions at important points, and giving instructions and requests (M&A Guidelines 3.2.4.4).
- ④ The Special Committee, having approved (including post approval) a financial advisor or a legal advisor of the Company, has confirmed that it will receive professional advice or explanation from such advisors or is given the authority to appoint its own financial advisor or legal advisor and receive professional advice from such advisors (any cost in such case shall be incurred by the Company) if necessary, in making its recommendations on the Items for Advice, and that it will request professional advice or explanation after confirming that there is no problem with the independence of Yamada Consulting, a financial advisor of the Company, and AMT, a legal advisor of the Company, in the First Meeting (M&A Guideline 3.2.4.5).
- ⑤ The Special Committee has collected information necessary for consideration and judgment, such as by sending questions to, and receiving answers from the Offeror, receiving explanations from the Company, and requesting the Offeror to provide information (M&A Guidelines 3.2.4.6).
- ⑥ The remuneration for each member of the Special Committee does not include a contingency fee contingent upon the announcement or consummation of the Transaction, regardless of the content of the recommendations (M&A Guideline 3.2.4.7).
- ⑦ The Company's Board of Directors has resolved that decision-making of the Company's Board of Directors relating to the Transaction will be made with the utmost

respect for the Special Committee's judgment and, in particular, that if the Special Committee decides that the terms and conditions of the Transaction are not appropriate, the Company's Board of Directors will disagree with the Transaction under such terms and conditions (M&A Guidelines 3.2.5).

(2) Decision-making process

In a resolution of the board of directors to decide whether to approve or disapprove an M&A, if all directors, excluding those with significant interest with such M&A, gives approval and all auditors raise no objections, it will be regarded as a circumstance that indicates that the Fairness Ensuring Measures have effectively functioned in such M&A (M&A Guidelines 3.2.5 Footnote 46).

In respect of the Company, at a meeting of the board of directors held on the preparation date of the Written Report, it is expected that the Directors of the Company who have participated in the deliberations and resolutions (of the nine Directors, seven Directors excluding Mr. Shinya Ogawa and Mr. Tetsushi Ogawa) will unanimously express their opinion in support of the Tender Offer and recommend the shareholders of the Company to tender their shares in the Tender Offer, and leave the decision on whether to tender Share Acquisition Rights to the Share Acquisition Right Holders in the Tender Offer. The Company's Representative Director and Chairperson, Mr. Shinya Ogawa, and the Company's Representative Director and President, Mr. Tetsushi Ogawa, are expected to continue to manage the Company after the Transaction. Given that there could be a conflict of interest or potential conflict of interest with the Company regarding the Transaction, they have not participated in any deliberation or resolution at the Company's Board of Directors regarding the Transaction, including the meeting of the Company's Board of Directors mentioned above. Moreover, they have not participated in any consideration in relation to the Transaction and any consultation or negotiation with the Offeror from the side of the Company.

In addition, the Company intends to establish the Special Committee and obtain its opinions in accordance with (1) above. Since the decision-making of the Company's Board of Directors will be made with the utmost respect for the Special Committee's judgment and, in particular, that if the Special Committee decides that the terms and conditions of the Transaction are not appropriate, the Company's Board of Directors will disagree with the Transaction under such terms and conditions, it can be said that the arbitrariness of decision-making of the Company with respect to the Transaction has been eliminated and the fairness, transparency and objectivity of decision-making process has been ensured (M&A Guidelines 3.2.4.4 and 3.2.5).

Based on the foregoing, there is no doubt on the fairness of decision-making process of the Company.

(3) Obtaining advice from an independent law firm

According to the Opinion Press Release, in late October 2024, the Company appointed AMT as its legal adviser independent of the Company and the Offeror Parties to ensure the fairness and appropriateness of the decision-making process of the Company's Board of Directors relating to the Tender Offer, and it has received necessary legal advice from AMT, concerning the methods and processes of decision-making of the Company's Board of Directors including procedures for the Transaction and other matters to be noted. AMT is not a related party of the Company or the Offeror Parties and does not have any material interest required to be disclosed in connection with the Transaction including the Tender Offer. In addition, the Special Committee has confirmed that there is no problem with AMT's independence. Furthermore, the remuneration to AMT in relation to the Transaction does not include a contingency fee that is payable contingent upon the consummation of the Transaction (M&A Guideline 3.3.1).

Based on the foregoing, it is considered that the Company and the Special Committee have obtained professional advice from legal advisors since the early stage of their consideration of the Transaction.

(4) Obtaining a share valuation report from an independent third-party calculation agent

According to the Opinion Press Release, in rendering its opinion regarding the Tender Offer, the Company requested Yamada Consulting, as a financial advisor and a third-party calculation agent institution independent of the Company and the Offeror Parties, to calculate the share value of the Company's stock in order to ensure the fairness during the decision-making process of the Tender Offer Price proposed by the Offeror, and obtained the Share Valuation Report on July 24, 2025 (M&A Guideline 3.3.2).

In the Share Valuation Report, as described in 5-3. above, multiple calculation methods have been adopted and consideration has been given in order not to calculate prices arbitrarily. In addition, no arbitrary action by the officers or employees of the Offeror Parties or the Company was found in the preparation of Business Plans, which is the basis of the calculation, and no circumstances which give rise to doubts about the fairness of the calculation have been found.

Based on the foregoing, it is considered that the Share Valuation Report is a share valuation report prepared by an independent third-party calculation agent.

The Company has not obtained a Fairness Opinions, but the obtaining Fairness Opinions is not required in M&A Guidelines (M&A Guidelines 3.3.2.2). The Transaction is entered into between independent parties and, taking other Fairness Ensuring Measures into consideration, it is considered that there is no problem for the Company to judge whether to

approve or disapprove the Transaction and whether to recommend a tender, based on the Share Valuation Report regarding fairness.

(5) Market Check

According to the Tender Offer Notification, the Offeror set the purchase period for the Tender Offer (“Tender Offer Period”) to 30 business days even if the statutory minimum purchase period is 20 business days. Because the period set by the Offeror is longer than the statutory minimum purchase period, such period ensures an opportunity for all shareholders of the Company to appropriately decide whether to tender their shares in the Tender Offer, and ensures an opportunity for persons other than the Offeror (“Competing Offerors”) to present competing acquisition offers, etc. to be made for the Company Shares, and thereby the Offeror intends to ensure the fairness of the Tender Offer.

Additionally, the Offeror and the Company have not made any agreements with provisions that prohibit contact with Competing Offerors, including transaction protection provisions, or any agreements that limit contact between Competing Offeror and the Company (M&A Guidelines, 3.4.2, Note 63). Thus, by implementing the so-called indirect market check by adjusting the above purchase period to ensure an opportunity for competing acquisition offers, it is considered that the fairness of the Tender Offer is thereby ensured.

Although no so-called proactive market check (including bidding procedures prior to the announcement of the Transaction), which investigates and examines the existence of potential acquirers in the market, has been conducted for the Transaction, considering the details of the measures implemented to ensure the fairness of the Transaction, including the Tender Offer, and other specific circumstances of the Transaction, it is believed that the absence of such a market check does not particularly hinder the fairness of the Transaction.

(6) Majority of minority

According to the Tender Offer Notification, the Offeror has set the minimum number of shares planned for purchase in the Tender Offer to 35,841,900 shares (ownership percentage: 62.02%) and the Offeror plans not to purchase all of the tendered shares if the total number of shares tendered falls short of this minimum number. This minimum number of shares planned for purchase exceeds the number of shares (27,551,109 shares, ownership percentage: 47.67%), which is equivalent to half the number of shares (55,103,135 shares) calculated by (i) adding the number of Company Shares (118,400 shares) underlying the total Share Acquisition Rights existing as of July 25, 2025 as reported by the Company (1,184 units) to the total number of issued shares of the Company as of June 30, 2025 (61,312,896 shares) as set forth in the “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2026 (Under Japanese GAAP),” which the Company released on July 25, 2025 (resulting in 61,431,296 shares), (ii) less the number of treasury shares the

Company holds as of the same day (3,639,647 shares) as reported by the Company (resulting in 57,791,649 shares) less the Non-Tendered Shares (2,689,432 shares) (resulting in 55,102,217 shares). The Tender Offer will not be completed successfully without the consent of the holders of a majority of the number of the Company Shares owned by the Company's shareholders who do not have any interest in the Offeror, and the minimum number is set by giving consideration to the decisions of the Company's general shareholder which satisfies the "majority of minority" condition.

Therefore, the completion of the Tender Offer requires the approval (tender) of a majority of the general shareholders who do not have an interest in the Tender Offer, and such "majority of minority" condition will lead to a greater emphasis on ensuring opportunities for general shareholders to exercise their judgment, and it is recognized as contributing the execution of M&A transactions on transaction terms as favorable as possible for general shareholders (M&A Guidelines 3.5.1).

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

The M & A Guidelines recommend providing material information for general shareholders to decide the reasonableness of transaction terms (M & A Guidelines 3.6.1). Specifically, enhanced disclosures are expected regarding information related to the special committee and the share valuation report (M & A Guidelines 3.6.2).

In the Transaction, the Tender Offer Notification and the Opinion Press Release will provide enhanced disclosures, including the details of the authority granted to the Special Committee, the chronology of the Special Committee's deliberations and the status of its involvement in negotiation process, the details of this Written Report, and the structure of remuneration for committee members (M & A Guidelines 3.6.2.1), the outline of the Share Valuation Report (M & A Guidelines 3.6.2.2), the process leading to the implementation of the Transaction and the course of negotiations (M & A Guidelines 3.6.2.3). It is therefore recognized that material information has been provided to the Company's shareholders, etc. to decide the reasonableness of transaction terms.

(8) Elimination of coerciveness

According to the Tender Offer Notification, following the completion of the Tender Offer, the Offeror will request the Company to hold an extraordinary general meeting of shareholders around mid-October to around early November 2025 to resolve, among other matters, to implement the Share Consolidation and to amend the articles of incorporation to abolish the provision on share unit, subject to the effectiveness of the Share Consolidation, in accordance with Article 180 of the Companies Act. It has been clarified that the amount of money to be delivered to the Company's shareholders as consideration upon

implementing the Share Consolidation will be calculated so that it is equal to the Tender Offer Price multiplied by the number of the Company Shares held by the relevant shareholders of the Company.¹

Furthermore, considering that the Company's shareholders are guaranteed appraisal rights and the right to request the court for price determination respectively, it is recognized that consideration has been given to avoid coercion (M & A Guidelines 3.7) with respect to the Tender Offer.

(9) Summary

As described in (1) through (8) above, in the Transaction (i) a situation substantially equivalent to an arm's length transaction has been ensured in the process of formulating the transaction terms, and (ii) from the perspective of ensuring that general shareholders have an opportunity to make an appropriate decision based on sufficient information (M&A Guidelines 2.4), robust Fairness Ensuring Measures have been adopted and are effectively implemented. Therefore, in conclusion, it is recognized that the fairness of the procedures related to the Transaction, including the Tender Offer, has been ensured.

5-5. Regarding Items for Advice 4

Items for Advice 4 asks whether the Transaction is not disadvantageous to the Company's general shareholders. As stated in 5-1. (2) above, based on the Revisions to Listing Regulations, Etc., the Special Committee shall recommend as to whether the Transaction is fair to the Company's general shareholders as follows.

The Special Committee believes that the matters requested to be reviewed in Items for Advice 1 through 3 will be a factor to be considered when reviewing Items for Advice 4. As stated in 5-2. through 5-4. above, the Special Committee did not find any issues with respect to Items for Advice 1 through 3 as a result of its consideration.

Based on the above, the Special Committee hereby expresses its opinion that the Transaction is fair to the Company's general shareholders with regard to Items for Advice 4.

5-6. Regarding Items for Advice 5

Items for Advice 5 asks whether the Company's Board of Directors should express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender

¹ The Supreme Court decision on July 1, 2016 (Minshu Vol. 70, No. 6, Page 1445 [J:COM Case]) ruled that in a two-stage acquisition involving conflicts of interest, if a tender offer is conducted through procedures generally recognized as fair, and subsequently the target company's shares are converted into class shares subject to class-wide call and such acquisition is carried out, it is appropriate to set the acquisition price for the class shares subject to class-wide call at the same amount as the tender offer price, unless there are special circumstances.

their shares in the Tender Offer. This can be considered as asking whether the Company's Board of Directors should decide on the Transaction. Therefore, the Special Committee shall express its opinion on the appropriateness of the Company's Board of Directors stating its opinion in support of the Tender Offer, recommending that the Company's shareholders tender their shares in the Tender Offer, and leaving the decision on whether to tender in the Tender Offer to the Share Acquisition Right Holders to decide whether or not to tender in the Tender Offer.

The Special Committee believes that Items for Advice 5 will be endorsed by confirming in Items for Advice 1 through 4 the rationality of the purpose of the Transaction, the fairness of the procedures for the Transaction, and the reasonableness of the transaction terms of the Transaction and confirming that the Transaction will not be disadvantageous to the Company's general shareholders. As described in 5-2. through 5-5. above, the Special Committee did not find any issues with regard to Items for Advice 1 through 4 as a result of its review. Although the Share Acquisition Right Purchase Price is considered not to be unreasonable as described in 5-3. (4) above, given that it is set at 1 yen, it is appropriate to leave the decision of the Share Acquisition Right Holders as to whether or not to tender in the Tender Offer.

Based on the above, the Special Committee expresses its opinion that, with respect to Items for Advice 5, it is appropriate for the Company's Board of Directors to resolve to state its opinion in support of the Tender Offer, to recommend that the Company's shareholders tender their shares in the Tender Offer, and to leave the decision on whether to tender in the Tender Offer to the Share Acquisition Right Holders.

Please note that the recommendation in the Written Report indicates the details of the Special Committee's judgment at the time of preparation of the Written Report.

Part6. Reserved matters

This Written Report is subject to the following reserved matters.

1. This Written Report shall be strictly interpreted based on the matters stated herein, and no matters not expressly stated herein shall be interpreted by analogy or extension.
2. This Written Report does not express any opinion on accounting or tax issues directly or indirectly related to the Transaction.
3. This Written Report was prepared based on the matters set forth in Part 3-2. (3) of this Written Report, and the Special Committee does not express any opinion regarding the accuracy or truthfulness of the matters set forth in Part 3-2. (3) of this Written Report.

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