



October 30, 2025

To whom it may concern:

Company name: Sumitomo Densetsu Co., Ltd.
 Name of representative: Makoto Tani, President, Director
 (Securities code: 1949; TSE Prime Market)
 Contact Person: Tasuku Horiuchi, Administrative Manager
 Telephone number: (TEL. +81-6-6537-3450)

**Notice Concerning Opinion in Favor of Tender Offer for the Company Shares, etc. by Daiwa House Industry Co., Ltd.
 and Recommendation to Tender**

Sumitomo Densetsu Co., Ltd. (the "Company") hereby announces that its board of directors, at its meeting held today, resolved to express its opinion in favor of a tender offer for its common stock (the "Company Shares") (the "Tender Offer") by Daiwa House Industry Co., Ltd. (the "Tender Offeror"), and to recommend that its shareholders tender their shares in the Tender Offer, as detailed below.

Please note that this resolution of the board of directors was adopted on the premise that the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror and that the Company Shares will be delisted through the Tender Offer and a series of subsequent procedures.

1. Outline of the Tender Offeror

(1) Name	Daiwa House Industry Co., Ltd.																		
(2) Location	3-3-5 Umeda, Kita-ku, Osaka-shi, Osaka																		
(3) Job title and name of representative	Keiichi Yoshii, President and CEO																		
(4) Description of business	Construction business, urban development business, real estate management business, overseas business, etc.																		
(5) Share capital	JPY 162,602 million (as of September 30, 2025)																		
(6) Date of establishment	March 4, 1947																		
(7) Major shareholders and ownership ratios (as of March 31, 2025) (Note 1)	<table> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust account)</td><td>17.44%</td></tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505001</td><td>6.57%</td></tr> <tr> <td>(Standing proxy: Mizuho Bank, Ltd.)</td><td>2.54%</td></tr> <tr> <td>Daiwa House Industry Employee Stock Ownership Association</td><td>2.39%</td></tr> <tr> <td>STATE STREET BANK WEST CLIENT TREATY 505234</td><td>2.13%</td></tr> <tr> <td>(Standing proxy: Mizuho Bank, Ltd.)</td><td></td></tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td><td>1.95%</td></tr> <tr> <td>Nippon Life Insurance Company</td><td>1.93%</td></tr> <tr> <td>JP Morgan Securities Japan Co., Ltd.</td><td>1.53%</td></tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust account)	17.44%	STATE STREET BANK AND TRUST COMPANY 505001	6.57%	(Standing proxy: Mizuho Bank, Ltd.)	2.54%	Daiwa House Industry Employee Stock Ownership Association	2.39%	STATE STREET BANK WEST CLIENT TREATY 505234	2.13%	(Standing proxy: Mizuho Bank, Ltd.)		Sumitomo Mitsui Banking Corporation	1.95%	Nippon Life Insurance Company	1.93%	JP Morgan Securities Japan Co., Ltd.	1.53%
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	JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.) Barclays Securities Japan Limited	1.38% 1.26%
(8) Relationship between the listed company and the Tender Offeror		
	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	We have received orders from the Tender offeror for facilities work, etc..
	Related party relationship	Not applicable.

(Note 1) This is quoted from "(6) Major Shareholders" under "1. Shares of the Company" within "IV. Share Information of the Company" in the Annual Securities Report for the 86th Term submitted by the Tender Offeror on June 20, 2025.

2. Purchase Price

JPY 9,760 per common share (the "Tender Offer Price")

3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer

(1) Details of the opinion

At its board of director's meeting today, the Company resolved to express an opinion in favor of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer based on the grounds and reasons described in "(2) Grounds and reasons for the opinion on the Tender Offer" below.

The above resolution of the board of directors was adopted in the manner described in "(VII) Approval by All Disinterested Directors of the Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.

(2) Grounds and reasons for the opinion on the Tender Offer

Descriptions of the Tender Offeror in this "(2) Grounds and reasons for the opinion on the Tender Offer" are based on the explanation provided by the Tender Offeror.

(I) Outline of the Tender Offer

According to the Tender Offeror, at the meeting of Tender Offeror's Board of Directors held today, the Tender Offeror resolved to conduct the Tender Offer as part of the transaction that aims to acquire all of the Company Shares listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") (excluding the treasury shares owned by the Company and the Non-Tendered Shares (defined below)) and ultimately make the Company a wholly owned subsidiary (together with the execution of the Business Alliance Agreement (defined below), the "Transaction"). As of the submission date of this Statement, the Tender Offeror does not own any Company Shares.

According to the Tender Offeror, at the time of the Tender Offer, the Tender Offeror entered into an agreement regarding non-tendering of shares dated today (the "Non-Tender Agreement") and an agreement concerning conversion into a wholly-owned subsidiary (the "Agreement Concerning Conversion into a Wholly-Owned Subsidiary," and together with the Non-Tender Agreement, collectively, the "Transaction-Related Agreements") with Sumitomo Electric Industries, Ltd., the parent company of the Company (which owns 17,828,151 shares, representing an ownership ratio (Note 1) of 50.66%; "Sumitomo Electric Industries"). Under these agreements, Sumitomo Electric Industries has agreed (i) not to tender any of the Company Shares it owns (the "Non-Tendered Shares") in the Tender Offer, and (ii) as described in "(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)" below, to sell the Non-Tendered Shares to the Company in response to the acquisition of treasury shares to be conducted by the Company after the procedures to make the Tender Offeror and Sumitomo Electric Industries the sole shareholders of the Company (the "Squeeze-Out Procedures") take effect following the completion

of the Tender Offer (the “Share Buy Back”), at a price per share prior to the share consolidation (defined below) pertaining to the Share Buy Back (the “Share Buy Back Price”). In addition, today, the Tender Offeror entered into a business alliance agreement with Sumitomo Electric Industries and the Company that sets forth matters such as collaboration (the “Business Alliance Agreement”). For details of the Transaction-Related Agreements and the Business Alliance Agreement, see “(1) Non-Tender Agreement,” “(2) Agreement Concerning Conversion into a Wholly-Owned Subsidiary,” and “(3) Business Alliance Agreement” in “4. Matters concerning Material Agreements regarding the Tender Offer” below.

(Note 1) “Ownership ratio” means the percentage (rounded to two decimal places, hereinafter the same with respect to the calculation of ownership ratios) obtained by dividing the number of shares held by a shareholder by the number of shares (35,190,831 shares; the “Reference Number of Shares”) calculated by deducting the number of treasury shares held by the Company as of September 30, 2025 (445,048 shares) from the total number of issued shares as of that date (35,635,879 shares), as stated in the “Financial Results for the Second Quarter Ended March 31, 2026 (Japanese GAAP) (Consolidated)” (the “Company Second Quarter Financial Summary”) announced by the Company today.

According to the Tender Offeror, in connection with the Transaction, it is expected the Tender Offeror will ultimately make the Company its wholly owned subsidiary through (a) the Tender Offer, (b) if the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares) through the Tender Offer, the Share Consolidation of the Company Shares to be conducted under Article 180 of the Companies Act (the “Share Consolidation”) to make the Tender Offeror and Sumitomo Electric Industries the sole shareholders of the Company and thereby take the Company private, and, after the Share Consolidation becomes effective, (iii) the provision of funds from the Tender Offeror to the Company (the “Funding”), which is expected to be implemented through a capital increase by way of third-party allotment of non-voting class shares with the Tender Offeror as the subscriber, for the purpose of securing funds to be used for the Share Buy Back and securing a sufficient distributable amount for the execution of the Share Buy Back, as well as the reduction of the amount of stated capital and capital reserve of the Company under Article 447, paragraph (1) and Article 448, paragraph (1) of the Companies Act (the “Capital Reduction” (Note 2)), and (iv) the execution of the Share Buy Back by the Company subject to the completion of the Tender Offer and the Share Consolidation taking effect. For details on the Share Consolidation, see “(5) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

(Note 2) In the Capital Reduction, the Company plans to reduce the amounts of its stated capital and capital reserve and transfer those amounts to other capital surplus.

According to the Tender Offeror, in the Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased at 3,880,000 shares (representing an ownership ratio of 11.03%). If the total number of Share Certificates tendered in the Tender Offer (the “Tendered Share Certificates”) is less than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates. On the other hand, since the Tender Offeror intends to ultimately make the Company a wholly owned subsidiary by acquiring all of the Company Shares in the Tender Offer (excluding the treasury shares owned by the Company and the Non-Tendered Shares), the Tender Offeror has not set a maximum number of shares to be purchased. If the total number of Tendered Share Certificates is equal to or greater than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will purchase all of the Tendered Share Certificates.

According to the Tender Offeror, in cases where a tender offer is conducted for the purpose of making the Company a wholly owned subsidiary, it is sometimes considered appropriate to set, as the minimum number of shares to be purchased, a number of shares that would allow the acquirer to secure voting rights equivalent to two-thirds of the total voting rights of the Company, in order to ensure that the squeeze-out procedures through a share consolidation after the completion of the tender offer can be carried out. However, according to the analysis of similar cases (Note 3), in

shareholders meetings related to two-step acquisitions such as the Extraordinary General Meeting of Shareholders (as defined in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below; hereinafter the same), the ratio of voting rights exercised for proposals related to share consolidations tends to be lower than that at the most recent annual general meeting of shareholders. Although the actual number of voting rights to be exercised at the Extraordinary General Meeting of Shareholders is uncertain, it is considered that securing voting rights equivalent to two-thirds of the maximum voting ratio at past annual general meetings of shareholders, together with the Non-Tendered Shares, would be sufficient to pass the proposal on the share consolidation to be submitted to the Extraordinary General Meeting of Shareholders. Based on this view and from the perspective of increasing the likelihood that the Tender Offer will be successfully completed, the Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer at 3,880,000 shares (representing an ownership ratio of 11.03%), corresponding to the number of shares calculated by multiplying (i) the number of voting rights (351,908 voting rights) associated with the Reference Number of Shares of the Company (35,190,831 shares) by (ii) the maximum voting ratio of 92.53% recorded at the Company’s annual general meetings of shareholders over the past five years (Note 4), rounded up to 325,621 voting rights, and then multiplying that by two-thirds, which is the voting ratio required for a special resolution at a general meeting of shareholders, to obtain 217,081 voting rights (rounded up), from which (iii) the number of voting rights (178,281 voting rights) corresponding to the number of Non-Tendered Shares (17,828,151 shares) was subtracted, resulting in 38,800 voting rights, and then multiplying that number by 100 shares, which is the number of shares constituting one unit of the Company’s shares.

(Note 3) “Similar cases” refers to a total of 11 tender offers announced in or after January 2021 that were conducted by parties other than issuers with no capital relationship with the Company, excluding transactions between parent and subsidiary companies, transactions between equity-method affiliates, and so-called management buyouts (MBOs) (Note 5). These tender offers were aimed at making the Company a wholly owned subsidiary, had no upper limit on the number of shares to be purchased, used share consolidation as the method of squeeze-out, and involved domestic listed companies in which the tender offeror and its special related parties owned 50% or more of the Company’s shares. In those 11 cases, the average ratio of voting rights exercised for proposals related to share consolidations conducted for the purpose of a squeeze-out (excluding the voting rights exercised by the tender offeror and its special related parties in each respective tender offer from the calculation of the ratio) was approximately 46%, with a median of approximately 47%, showing a tendency to be lower than the ratio of voting rights exercised at the most recent annual general meetings of shareholders (average of approximately 63% and median of approximately 64%).

(Note 4) Based on the total number of voting rights of shareholders (351,231) as of the record date of the 100th Annual General Meeting of Shareholders held on June 25, 2025, as stated in the 100th Securities Report submitted by the Company on June 25, 2025, and the maximum number of voting rights exercised for any proposal at the 100th Annual General Meeting of Shareholders (317,646) as stated in the extraordinary report submitted by the Company on June 26, 2025, the maximum ratio of voting rights exercised at the meeting was 90.44% of the total voting rights (rounded to two decimal places; hereinafter the same in the calculation of voting ratios). Using the same calculation method, the maximum ratio of voting rights exercised was 90.89% at the 99th Annual General Meeting of Shareholders held on June 25, 2024, 91.57% at the 98th Annual General Meeting of Shareholders held on June 27, 2023, 91.40% at the 97th Annual General Meeting of Shareholders held on June 23, 2022, and 92.53% at the 96th Annual General Meeting of Shareholders held on June 24, 2021. The maximum ratio of voting rights exercised at the Company’s Annual General Meetings of Shareholders during the past five years was therefore 92.53%.

(Note 5) “Management buyout (MBO)” means a transaction in which the Tender Offeror conducts a tender offer based on an agreement with the officers of the Company and shares a common interest with the officers of the Company.

According to the Tender Offeror, as noted above, since the minimum number of shares to be purchased in the Tender

Offer has not been set at a level that, together with the Non-Tendered Shares, would secure voting rights equivalent to two-thirds of the voting rights of all shareholders of the Company, it cannot be ruled out that, at least theoretically, if the total number of voting rights in the Company held by the Tender Offeror and Sumitomo Electric Industries after the completion of the Tender Offer is less than two-thirds of the voting rights of all shareholders of the Company, the proposal relating to the Share Consolidation might not be approved at the Extraordinary General Meeting of Shareholders(as defined in “(5) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition))” below; hereinafter the same).

However, according to the Tender Offeror, even if that approval is not obtained, since the Tender Offeror intends to ultimately acquire all of the Company Shares (excluding the treasury shares owned by the Company) and to make the Company a wholly owned subsidiary, the Tender Offeror plans on making the Company a wholly owned subsidiary by acquiring additional Company Shares through market purchases or off-market transactions, taking into account the status of the tendering of shares in the Tender Offer, the ownership structure and characteristics of the Company’s shareholders at that time, and trends in the market price, until the shareholding ratio reaches a level at which the proposal relating to the Share Consolidation can realistically be approved at a shareholders meeting of the Company (the specific level will be determined based on the voting ratio at the Extraordinary General Meeting of Shareholders and the most recent shareholder composition of the Company). With respect to those additional acquisitions, the Tender Offeror intends to acquire the Company Shares at the market price in the case of market transactions or, in the case of transactions conducted by other means, at a price per share that is considered economically equivalent to the price per Company Share offered in the Tender Offer (the “Tender Offer Price”) (being the same amount per share as the Tender Offer Price, unless the Company conducts a share consolidation, share split, or other action requiring adjustment of the consideration to be paid). Although the specific timing and method of those additional acquisitions, as well as the period required until the subsequent approval of the proposal relating to the Share Consolidation at a shareholders meeting, cannot be determined at this time due to factors such as market conditions, the Tender Offeror will make every effort to ensure that the Share Consolidation is implemented as promptly as practicable.

According to the Tender Offeror, the Tender Offeror plans to finance the Transaction, including the Tender Offer, through a loan from Mizuho Bank, Ltd. (“Mizuho Bank,” and that loan, the “Bank Loan”) and intends to receive the Bank Loan by the business day immediately preceding the commencement date of the settlement of the Tender Offer, subject to the completion of the Tender Offer and other related conditions. The detailed terms and conditions of the Bank Loan are to be determined through separate discussions between the Tender Offeror and Mizuho Bank and will be set forth in the loan agreement relating to the Bank Loan.

According to the Tender Offeror, if the Tender Offeror is unable to acquire all of the Company Shares through the Tender Offer (excluding the treasury shares owned by the Company and the Non-Tendered Shares), the Tender Offeror plans to request the Company to implement the Squeeze-Out Procedures after the completion of the Tender Offer, as described in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition))” below.

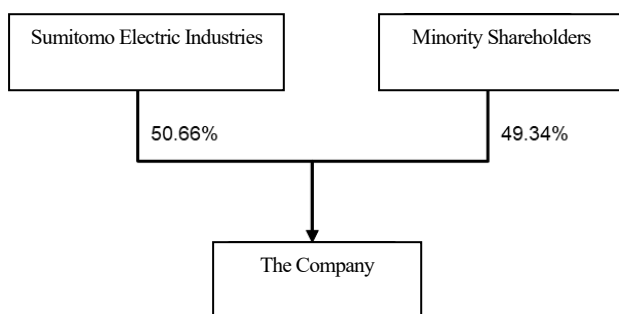
According to the Tender Offeror, after the completion of the Squeeze-Out Procedures, the Tender Offeror plans to conduct the Share Buy Back, which will result in the Tender Offeror becoming the sole shareholder of the Company. In deciding to conduct the Share Buy Back, the Tender Offeror considered the fact that Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed in the Corporation Tax Act (Act No. 34 of 1965, as amended; the “Corporation Tax Act”). The Tender Offeror decided to carry out the Share Buy Back based on the view that implementing the Share Buy Back would allow both the maximization of the Tender Offer Price and fairness among shareholders by allocating a greater distribution to the minority shareholders of the Company. Based on discussions and negotiations with Sumitomo Electric Industries, the Tender Offeror calculated the price for the Share Buy Back so that (i) the after-tax proceeds that Sumitomo Electric Industries will receive from the Share Buy Back would be equivalent to (ii) the after-tax proceeds it would have received if it had tendered its Company Shares in a tender offer at a price per share equal to the Tender Offer Price. As a result, the Tender Offeror decided to set the Share

Buy Back Price at JPY6,877 per share.

According to the Tender Offeror, the Transaction is substantially as shown in the following diagrams.

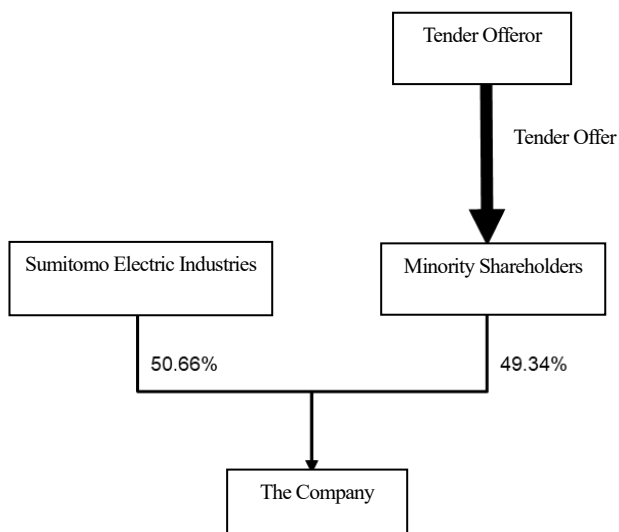
I. Before the Tender Offer (current)

As of the date of submission of this Statement, out of the total number of issued shares of the Company (excluding the treasury shares owned by the Company), Sumitomo Electric Industries owns 17,828,151 shares (representing an ownership ratio of 50.66%), and the other shareholders own the remaining 17,362,680 shares (representing an ownership ratio of 49.34%).



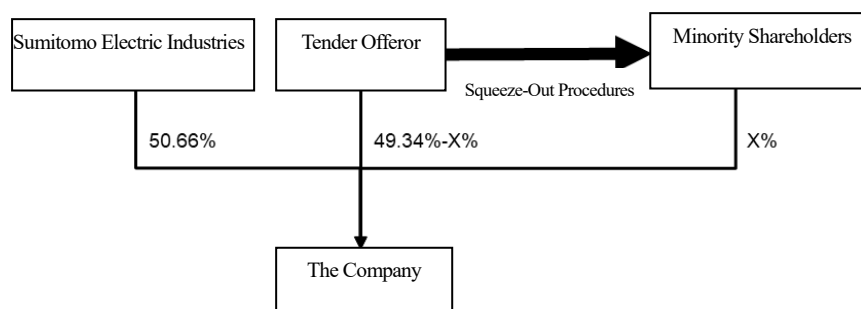
II. Tender Offer (from October 31, 2025 to December 15, 2025)

The Tender Offeror will conduct the Tender Offer for all of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares).



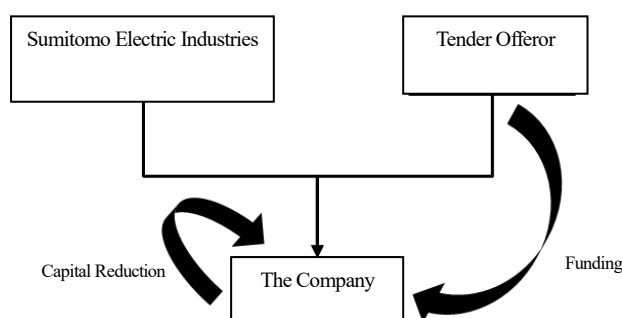
III. Implementation of the Squeeze-Out Procedures (mid-March 2026 (scheduled))

If the Tender Offeror is unable to acquire all of the Company Shares through the Tender Offer (excluding the treasury shares owned by the Company and the Non-Tendered Shares), the Tender Offeror will implement the Squeeze-Out Procedures through a Share Consolidation of the Company.



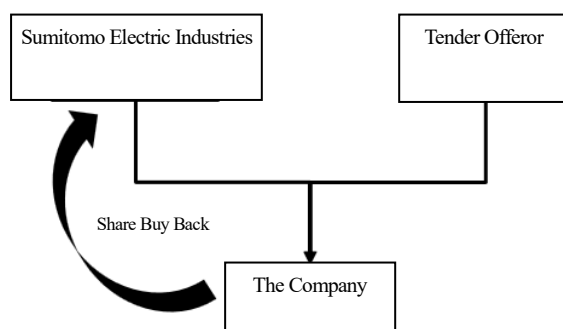
IV. (After the Share Consolidation takes effect) Implementation of the Funding and the Capital Reduction (late March 2026 (scheduled))

After the Share Consolidation takes effect, the Tender Offeror plans to implement the Funding and the Capital Reduction to secure the funds and distributable amount necessary for the Share Buy Back.

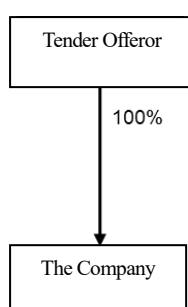


V. Share Buy Back (late March 2026 (scheduled))

The Company intends to carry out the Share Buy Back to acquire all of the Non-Tendered Shares owned by Sumitomo Electric Industries using the funds and the distributable amount secured through the Funding and the Capital Reduction.



VI. After Making the Company a Wholly Owned Subsidiary



(II) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer

According to the Tender Offeror, the Tender Offeror was established in March 1947 as Hanazono Works Co., Ltd. It subsequently changed its trade name to Sanei Kiko Co., Ltd., and in April 1962 changed its trade name to Daiwa House Industry Co., Ltd. Following that, in December 1962, for the purpose of changing the par value of its shares, the Tender Offeror merged with Daiwa House Industry Co., Ltd., a separate legal entity from the Tender Offeror (such absorbed company, the “Former Daiwa House Industry Co., Ltd.”). Although the Tender Offeror was formally the surviving company in the merger, the Tender Offeror had been inactive prior to the merger date, and in substance, the former Daiwa House Industry Co., Ltd. effectively continued to exist. The former Daiwa House Industry Co., Ltd. was founded in April 1955 based on the philosophy of the industrialization of construction and, in October 1959, listed its shares as an over-the-counter approved issue on the Tokyo Stock Exchange and the Osaka Securities Exchange, Inc. (“Osaka Securities Exchange”). It was subsequently listed on the First Section of the Osaka Securities Exchange in September 1961 and on the First Section of the Tokyo Stock Exchange in October of the same year.

According to the Tender Offeror, following that, in July 2013, after the integration of the cash equity market of the Osaka Securities Exchange into the Tokyo Stock Exchange, the Tender Offeror was listed on the First Section of the Tokyo Stock Exchange. With the reorganization of the market segments of the Tokyo Stock Exchange in April 2022, the Tender Offeror was transferred to the Prime Market of the Tokyo Stock Exchange.

According to the Tender Offeror, as of September 30, 2025, the Tender Offeror, together with its 486 subsidiaries and 203 affiliated companies constitutes a corporate group (the “Tender Offeror Group”) engaged primarily in seven business segments, which are single-family houses, rental housing, condominiums, commercial facilities, logistics, business & corporate facilities, environment and energy, and other businesses, developing comprehensive operations in the field of lifestyle infrastructure industries.

According to the Tender Offeror, from its founding, the Tender Offeror has operated in accordance with its founder’s philosophy “don’t do things because they will make a profit, but because they will be of service to society” and the belief that “our hopes for the future enable both individual and company growth.” Looking forward to its 100th anniversary in 2055, the Tender Offeror established as a policy aimed to achieve that goal “Our Hopes for the Future (Purpose),” which means “creating the societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life.” As a “Group that co-creates value for individuals, communities, and people’s lifestyles,” the Tender Offeror aims to nurture communities that live together in vivid and vibrant harmony with People and Nature.

According to the Tender Offeror, the Tender Offeror Group operates with the aspiration of becoming a corporate group with net sales of 10 trillion yen in 2055, the year of its 100th anniversary. At present, it is implementing its five-year plan, the “7th Medium-Term Management Plan (FY2022–FY2026),” which began in FY2022. Under the three management policies of “evolve revenue model,” “optimize management efficiency,” and “strengthen management base,” the group is working to build a “sustainable growth model” that continually maximizes both business value and social value over the long term. The 7th Medium-Term Management Plan was initially formulated as a five-year plan

ending in FY2026. However, in FY2024, the third year of the plan, the group achieved record-high performance, supported by steady sales of developed properties and the expansion of its U.S. single-family housing business. By segment, the “rental housing business,” “commercial facilities business,” and “business and corporate facilities business,” which are positioned as growth drivers, have already achieved or are expected to achieve the plan’s final-year targets for sales or operating profit based on the FY2024 results or FY2025 forecasts. Furthermore, in the FY2025 plan, the Tender Offeror Group has set a sales target of 5.6 trillion yen, exceeding the 5.5 trillion yen target originally set for the final year of the 7th Medium-Term Management Plan. With steady progress in new initiatives and asset development both in Japan and overseas, a clear path toward achieving the plan’s goals has emerged. In light of these developments, and to accurately respond to the rapidly changing external environment and advance to the next stage, the group plans to complete the current Medium-Term Management Plan one year ahead of schedule and begin management under the 8th Medium-Term Management Plan, which will commence in FY2026.

Meanwhile, the Company was established in March 1947 as Taiyo Electric Construction Limited, primarily by former Sumitomo Electric Industries employees, to cooperate in the war recovery work of Kansai Electric Power Co., Inc. (reorganized into a stock company in April 1950 and changed its trade name to Taiyo Densetsu Co., Ltd. (“Taiyo Densetsu”)). Subsequently, following a merger with Kudo Electric Co., Ltd. in March 1969 (changing the trade name to Taiyo Kudo Construction Co., Ltd.), the trade name was changed to the current Sumitomo Densetsu Co., Ltd. in July 1985. Furthermore, since its capital participation in Taiyo Densetsu in October 1951, Sumitomo Electric Industries has been the Company's parent company.

The Company Shares were listed on the Second Section of the Osaka Securities Exchange in November 1962, and the Second Section of the TSE in November 1972. In September 1995, the Company Shares were designated to the First Section of both the TSE and the Osaka Stock Exchange. Following the integration of the TSE and the Osaka Stock Exchange in July 2013, the Company Shares were transferred exclusively to the First Section of the TSE. Subsequently, following the market reclassification in April 2022, the Company Shares are currently listed on the TSE Prime Market.

As of today, a corporate group consisted of the Company, 18 subsidiaries and 1 affiliate (the “Company Group”) is mainly engaged in the equipment construction business centering on electrical equipment construction, and is engaged in such business activities as engineering services related to equipment construction and equipment sales.

On May 9, 2025, the Company announced “VISION2030”, mid-term targets for fiscal 2030, and “Mid-term PLAN 2028”, a new four-year medium-term management plan starting in 2025 to realize our VISION, striving to achieve sustainable growth and enhance corporate value by expanding its human capital and strengthening its technological and construction capabilities, under the theme of “Advancing as a comprehensive engineering company by accelerating investment in people and technology”. Specifically, we have set out 3 growth strategies: (i) “Sales measures” to strengthen relationships with important customers and develop excellent customers as a basis for receiving orders; (ii) “Measures to strengthen on-site capabilities” to improve productivity through on-site DX (Note 6), etc., strengthen construction capabilities through building partnerships with business partners, and improve ability to respond to large-scale projects; and (iii) “Measures to strengthen the foundation” to improve construction efficiency and secure engineers and construction capabilities through investment in human capital and information technology.

Regarding the business environment surrounding the Company Group, we anticipate steady private sector capital investment, driven by the further expansion of the data center (Note 7) market due to the advancement of the digital society, redevelopment in major metropolitan areas, and increased hotel demand stemming from the recovery and growth of inbound demand. We also anticipate increased demand for trunk line renewal and reinforcement work to accommodate the expansion of renewable energy and the resulting increase in storage batteries and power transmission volume. However, the current environment remains uncertain, with factors such as rising labor costs and equipment prices, trade friction triggered by U.S. tariff policies, and global economic stagnation. We recognize the need to closely monitor future social conditions and market trends.

(Note 6) An abbreviation for “Digital Transformation”, referring to the provision of new value and experiences

through the use of digital technology, as well as societal transformation.

(Note 7) Refers to dedicated facilities for the centralized installation and operation of servers, storage, network equipment, etc., and collectively refers to functions such as power and networking that ensure stable server operation. In recent years, demand for data center services has increased due to the advancement of the digital society, and their number has also grown.

According to the Tender Offeror, under these circumstances, the Tender Offeror recognizes that in order to further strengthen its technological capabilities, build a business portfolio both in Japan and overseas aimed at achieving sales of JPY 10 trillion, and enhance the construction and development of growth areas such as data centers and semiconductor plants (which were identified as active investment areas in the management briefing materials for institutional investors and analysts announced by the Tender Offeror on May 14, 2025), which are priority focus areas for the Tender Offeror Group, it is essential to establish a stable construction framework, particularly by securing equipment companies with advanced specialized technical capabilities, which represents a major challenge. Accordingly, while broadly considering potential investment opportunities, including the possibility of investing in the Company since April 2023, the Tender Offeror received a proposal from Mizuho Securities Co., Ltd. (“Mizuho Securities”), with which it had a prior business relationship, in late October 2024 regarding making the Company a wholly owned subsidiary. After internal discussions within the Tender Offeror, it had the opportunity to hold a three-party meeting with Sumitomo Electric Industries and the Company on May 28, 2025, at which time it conveyed to both companies its intention to commence good-faith discussions regarding the Transaction. Following that meeting, the Tender Offeror decided to further examine the possibility of strengthening its relationship with the Company, including the Transaction. In early June 2025, the Tender Offeror appointed Mizuho Securities, which is independent of each of the Tender Offeror, Sumitomo Electric Industries, and the Company (collectively, the “Tender Offer-Related Parties”), as its financial advisor and third-party appraiser. In mid-June 2025, the Tender Offeror also appointed Mori Hamada & Matsumoto, which is also independent of all of the Tender Offer-Related Parties, as its legal advisor, and it then commenced a specific investigation of the Transaction. Following that, after further specific investigation, the Tender Offeror decided to move forward more proactively with an investigation of the Transaction and, on June 30, 2025, submitted a non-binding letter of intent regarding making the Company a wholly owned subsidiary (the “Initial Letter of Intent”) to Sumitomo Electric Industries, the parent company of the Company, and the Company. Following that, from late July 2025 to early September 2025, the Tender Offeror conducted due diligence on the Company covering business, financial and tax, legal matters, and other areas. Through the due diligence and various analyses, and based on the realization of the synergies described in (i) and (ii) below, the Tender Offeror concluded that the implementation of the Transaction would contribute to maximizing the corporate value of the Tender Offer-Related Parties and securing the interests of shareholders.

According to the Tender Offeror, the Tender Offeror recognizes that, in the construction industry as a whole, demand for construction continues to trend upward due to factors such as reconstruction needs following the Great East Japan Earthquake, the recovery of private-sector investment appetite, the expansion of building repair work driven by an increase in existing stock, and the impact of rising construction costs. In addition to the fact that skilled construction workers have long been in short supply, with the introduction of limits on working hours starting in FY2024, the Tender Offeror expects this trend to continue. The Tender Offeror recognizes that, due to that shortage of skilled construction workers, the power balance within the multilayered subcontracting structure is shifting from one in which prime contractors select subcontractors to one in which subcontractors now have greater discretion in choosing prime contractors. Given that the Company carefully selects projects while taking into account workforce allocation at each site, the organizational succession of technical expertise, and involvement in various types of buildings for different purposes, the Tender Offeror recognizes that the shortage of skilled construction workers may become a factor constraining supply for future construction investment. Accordingly, the Tender Offeror believes that bringing the Company into the Tender Offeror Group would contribute to maintaining and enhancing the group’s technological

capabilities in construction and development. Within the Tender Offeror Group's integrated construction process, the subcontractor (Note 3) field involving skilled construction workers is recognized as one area in which the Company lacks sufficient technical expertise and know-how and is therefore viewed as one that should be strengthened.

(Note 8) In Japanese, "subcon" is used as an abbreviation of "subcontractor" and refers to a subcontractor that undertakes specific tasks or work from a prime contractor (genecon) (Note 4). Subcontractors have specialized skills and expertise and are responsible for work in specific fields such as electrical installation, plumbing, and interior finishing.

(Note 9) In Japanese, "genecon" is used as an abbreviation of "general contractor" and refers to a comprehensive construction company that plans, coordinates, and manages an entire construction project. It oversees all processes involved in the construction of buildings and infrastructure and is responsible for completing the project.

According to the Tender Offeror, the Tender Offeror recognizes that the electrical construction industry, driven by decarbonization initiatives and digital transformation (DX), is focusing not only on traditional electrical construction but also on securing orders in new areas such as renewable energy and data centers amid increasing investment in these areas. The Tender Offeror recognizes that order intake in the information and communications industry is expected to remain favorable over the next several years supported by the social infrastructure fields such as disaster prevention and mitigation and the growing demand for data centers. The Tender Offeror understands that, as a trend among equipment construction companies, the shortage of subcontractors capacity has placed them in a relatively advantageous position when receiving orders from general contractors. As a result, electrical construction companies are expanding into communication work, while communication construction companies are moving into electrical construction, leading to a growing number of companies engaging in comprehensive equipment construction businesses that also cover air-conditioning and piping.

As described above, according to the Tender Offeror, the Tender Offeror recognizes that in order to further strengthen its technological capabilities, build a business portfolio both in Japan and overseas aimed at achieving sales of JPY 10 trillion, and enhance the construction and development of growth areas such as data centers and semiconductor plants, which are priority focus areas for the Tender Offeror Group, it is essential to establish a stable construction framework, particularly by securing equipment companies with advanced specialized technical capabilities, which represents a major challenge. In this context, the Tender Offeror recognizes that, having built a close business relationship with the Company by placing orders for equipment construction work with the Company and receiving building construction orders from the Company. Specifically, orders placed by the Tender Offeror with the Company for equipment and other construction work amounted to JPY 4,400 million in the fiscal year ended March 2023, JPY 3,264 million in the fiscal year ended March 2024, and JPY 1,755 million in the fiscal year ending March 2025 (Note 5). In addition, orders placed by the Company with the Tender Offeror for construction and other work amounted to JPY 1,636 million in the fiscal year ended March 2023 and JPY 9 million in the fiscal year ending March 2025 (Note 6). Based on that business relationship, the Tender Offeror strongly recognizes the high degree of compatibility between its business and that of the Company. The Company's business domains, advanced technological capabilities, and human resources represent valuable resources for enhancing the technological capabilities pursued by the Tender Offeror Group. They are expected to make a significant contribution to improving profitability through the expansion of the Tender Offeror Group's businesses, such as the construction and development of data centers and semiconductor plants, the development of sales channels within the Company's customer base, and the receipt of high-value, technically demanding projects that leverage the Company's advanced technological capabilities. Given that the Transaction aligns with the business strategy of the Tender Offeror Group, the Tender Offeror has concluded that its implementation would be highly desirable.

(Note 10) These figures represent the total payment amounts from the Tender Offeror to the Company during the relevant periods.

(Note 11) These figures represent the total sales amounts from the Tender Offeror to the Company during the relevant

periods (based on delivery dates).

According to the Tender Offeror, the Tender Offeror also recognizes that, in light of the expected increase in construction demand and the labor shortage, as well as the anticipated growth in construction projects for data centers and semiconductor plants and the increase in the ratio of equipment-related work in overall building construction, the electrical construction industry is becoming increasingly important in terms of technological expertise and know-how. The Tender Offeror expects that the implementation of the Transaction will significantly enhance the comprehensive capabilities of the Tender Offeror Group.

According to the Tender Offeror, the Tender Offeror also believes that the growth of the Company itself following the implementation of the Transaction will directly contribute to the overall growth of the Tender Offeror Group. Accordingly, even after the completion of the Transaction, the Tender Offeror expects the Company to actively expand its business with clients outside the Tender Offeror Group and to achieve further growth. To that end, the Tender Offeror will provide support in a complementary manner by offering the necessary resources and business opportunities through the Tender Offeror Group.

The Tender Offeror believes that the implementation of the Transaction will also make a significant contribution to enhancing the corporate value of the Company through the realization of the following synergies.

- (i) Expansion of the electrical construction business and the information and communications business, which are key focus areas

According to the Tender Offeror, the Company's key focus areas, the electrical construction business and the information and communications business, are fields in which the Tender Offeror and the Company already frequently collaborate. Given the expected continued strong demand for construction and the ongoing labor shortage, the Tender Offeror believes that the two companies can work towards maximizing profits by further deepening their collaborative framework. In the information and communications business, the Tender Offeror expects that, while the Tender Offeror promotes the development and construction of data centers and semiconductor plants, the Company will handle information and communications work, which will enable it to acquire construction experience and know-how in that field. The Tender Offeror also believes that collaboration with the Company on redevelopment projects, logistics facilities, offices, commercial facilities, hotels, and other projects will lead to further business opportunities for both the Tender Offeror and the Company.

In addition, according to the Tender Offeror, since the Tender Offeror Group's business domains are extremely broad, encompassing both B2C and B2B businesses, the Tender Offeror believes that by strengthening mutual transactions and exchanges following the implementation of the Transaction, both parties will be able to identify new business opportunities and possibilities for further advancement in construction DX initiatives.

- (ii) Further growth of overseas operations, primarily in Southeast Asia

According to the Tender Offeror, the Tender Offeror understands that the Company has long been actively engaged in overseas operations, beginning with the establishment of a representative office in Jakarta, Indonesia in 1973, followed by expansion into Singapore in 1975, Malaysia in 1979, and Thailand in 1985.

According to the Tender Offeror, with respect to overseas operations, since the Tender Offeror Group is in the process of building an area portfolio across North America, Europe, Asia, and Australia, the Tender Offeror envisions potential collaboration with the Company in electrical and communication work for commercial facilities, logistics facilities, and mixed-use development projects in each of those regions. In Southeast Asia in particular, since both the Tender Offeror and the Company have operations in Indonesia, Thailand, the Philippines, Vietnam, China, and Malaysia, the Tender Offeror believes that collaboration across a wide range of regions will be possible. Those countries are experiencing rapid economic growth and urbanization, so the Tender Offeror believes there are opportunities for collaboration in a wide range of fields, including infrastructure development, commercial facilities, the construction of data centers and semiconductor plants, and environmental protection.

According to the Tender Offeror, Fujita Corporation (“Fujita”), a subsidiary of the Tender Offeror, has also been actively expanding its overseas operations. In particular, since Fujita has extensive experience and a strong track record in infrastructure projects and construction businesses, the Tender Offeror believes that combining the technologies of the Company and Fujita with the Tender Offeror’s development expertise will enable them to provide high-quality business facilities and other projects suited to local markets. Furthermore, as environmental protection and sustainable development are key challenges in the aforementioned countries, the Tender Offeror believes that it will be possible to jointly promote environmentally conscious projects, such as the construction of energy-efficient buildings and the advancement of renewable energy use.

In addition, according to the Tender Offeror, the Tender Offeror recognizes that the disadvantages associated with taking the Company Shares private include the inability to raise funds through equity financing in the capital markets and the loss of benefits previously enjoyed by the Company as a listed company, such as maintaining and enhancing name recognition and social credibility. However, in terms of financing, the Tender Offeror believes that while the need to raise funds through equity financing is not expected to be high for the time being, becoming a group company of the Tender Offeror would make it easier to obtain financing through indirect means by leveraging the Tender Offeror’s creditworthiness even if the need for funding were to increase in the future. The Tender Offeror also believes that the name recognition and social credibility the Company has built through its business operations to date will not be immediately lost as a result of becoming private, and that the Company will, in turn, gain the name recognition and social credibility of the Tender Offeror Group, so it believes the disadvantages associated with taking the Company private are limited. In light of the fact that the Business Alliance Agreement, which aims to maintain and continue the existing collaborative relationship between the Company and Sumitomo Electric Industries and to further develop the business alliance among the Tender Offeror, the Company, and Sumitomo Electric Industries to promote the enhancement of each company’s corporate value, has been executed, it is considered that the existing collaborative relationship between the Company and Sumitomo Electric Industries can be maintained and continued even after the Transaction. Therefore, the disadvantages arising from the dissolution of the capital relationship between the Company and Sumitomo Electric Industries are considered to be limited.

According to the Tender Offeror, taking into account the results of the due diligence and the fact that no material issues were identified, the Tender Offeror began discussions in early September 2025 with the Company and Sumitomo Electric Industries regarding the post-Transaction management structure, business policies, and the Business Alliance Agreement, and on September 12, 2025 the Tender Offeror submitted to the Company a final letter of intent (the “Final Letter of Intent”) that included a proposal to set the Tender Offer Price at JPY 8,287 per share and the Share Buy Back Price at JPY 5,860 per share based on the assumption that no interim dividend or year-end dividend would be paid for the fiscal year ending March 31, 2026 (the proposed Tender Offer Price represents a premium of 22.95% (rounded to two decimal places; hereinafter the same when calculating premium rates) over the closing price of JPY 6,740 for the Company Shares on the Prime Market of the Tokyo Stock Exchange on September 11, 2025, the business day immediately preceding the proposal date; 20.82% over the simple average closing price of JPY 6,859 for the one-month period up to that date (rounded to the nearest yen; hereinafter the same when calculating simple average closing prices); 25.54% over the simple average closing price of JPY 6,601 for the three-month period up to that date; and 39.21% over the simple average closing price of JPY 5,953 for the six-month period up to that date.

According to the Tender Offeror, in response, on September 22, 2025, the Tender Offeror received a reply from the Special Committee (as defined in (i) Proposals from the Tender Offeror and Development of the Examination Framework” in “(b) Decision-Making Process and Reasons Leading the Company to Support the Tender Offer” below; hereinafter the same) requesting, from the perspective of protecting the interests of the minority shareholders of the Company, that the Tender Offeror consider increasing the proposed Tender Offer Price and, given that the announcement of the Transaction is scheduled to take place after the record date for the interim dividends for the fiscal year ending March 31, 2026, that the Tender Offeror consider the proposal on the assumption that interim dividends for

that fiscal year will be paid. In response, on September 25, 2025, the Tender Offeror made a second proposal to the Company setting the Tender Offer Price at JPY 8,287 and the Share Buy Back Price at JPY 5,860 on the assumption that interim dividends will be paid for the fiscal year ending March 31, 2026 (the Tender Offer Price represented a premium of 29.08% over the closing price of JPY 6,420 for the Company Shares on the Prime Market of the Tokyo Stock Exchange on September 24, 2025, the business day immediately preceding the proposal date; 24.39% over the simple average closing price of JPY 6,662 for the one-month period up to that date; 24.45% over the simple average closing price of JPY 6,659 for the three-month period up to that date; and 36.75% over the simple average closing price of JPY 6,060 for the six-month period up to that date). In response, on September 29, 2025, the Tender Offeror received a reply from the Special Committee stating that, in light of the intrinsic value derived from the total equity value of the Company Shares, the proposed price still could not be considered to give sufficient consideration to the interests of the minority shareholders of the Company, and requesting that the Tender Offeror increase the Tender Offer Price. In response, on October 1, 2025, the Tender Offeror made a third proposal to the Company setting the Tender Offer Price at JPY 8,847 and the Share Buy Back Price at JPY 6,247 on the assumption that interim dividends will be paid for the fiscal year ending March 31, 2026 (the Tender Offer Price represented a premium of 37.80% over the closing price of JPY 6,420 for the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 1, 2025, the proposal date; 35.03% over the simple average closing price of JPY 6,552 for the one-month period up to that date; 32.44% over the simple average closing price of JPY 6,680 for the three-month period up to that date; and 44.42% over the simple average closing price of JPY 6,126 for the six-month period up to that date). In response, on October 7, 2025, the Tender Offeror received a reply from the Special Committee stating that it did not consider the proposed price to sufficiently reflect the intrinsic value derived from the total equity value of the Company Shares, and, taking into account both the Company's intrinsic value and the synergies expected to arise from the Transaction, requested that the Tender Offeror increase the Tender Offer Price in order to obtain the support of a greater number of the minority shareholders of the Company. In response, on October 10, 2025, the Tender Offeror made a fourth proposal to the Company setting the Tender Offer Price at JPY 8,929 and the Share Buy Back Price at JPY 6,304 on the assumption that interim dividends will be paid for the fiscal year ending March 31, 2026 (the Tender Offer Price represented a premium of 29.22% over the closing price of JPY 6,910 for the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 9, 2025, the business day immediately preceding the proposal date; 35.14% over the simple average closing price of JPY 6,607 for the one-month period up to that date; 33.01% over the simple average closing price of JPY 6,713 for the three-month period up to that date; and 43.14% over the simple average closing price of JPY 6,238 for the six-month period up to that date). In response, on October 15, 2025, the Tender Offeror received a reply from the Special Committee stating that, in order to obtain the support of a greater number of the Company's minority shareholders, it should take into account the medium- to long-term synergies expected to arise from the Transaction and, in light of the fact that the performance of the Company for the period from April 2025 through the end of September 2025 (the interim consolidated accounting period) is expected not only to significantly exceed the most recently announced consolidated financial forecast for the second quarter (interim period) of the fiscal year ending March 31, 2026, but also to potentially necessitate an upward revision of the full-year consolidated financial forecast for the same fiscal year, and further increase the Tender Offer Price. In response, on October 20, 2025, the Tender Offeror made a fifth proposal to the Company, having examined the potential synergy effects that could arise from the Tender Offer and taking into consideration the possibility of an upward revision to the Company's consolidated earnings forecast for the fiscal year ending March 31, 2026, setting the Tender Offer Price at JPY 9,283 and the Share Buy Back Price at JPY 6,552 (the Tender Offer Price represented a premium of 35.92% over the closing price of JPY 6,830 for the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 17, 2025, the business day immediately preceding the proposal date; 39.93% over the simple average closing price of JPY 6,634 for the one-month period up to that date; 37.89% over the simple average closing price of JPY 6,732 for the three-month period up to that date; and 46.56% over the simple average closing price of JPY 6,334 for the six-month period up to that date). In response, on October 21, 2025, the Tender Offeror received a reply from the Special Committee stating that, while it understood the proposed price to be a price that, taking into consideration the perspective of ensuring the legitimate interests to be enjoyed by

the minority shareholders of the Company, reflects to a certain extent the intrinsic value derived from the total equity value of the Company Shares, it requested a further increase in the Tender Offer Price in order to maximize the interests of the minority shareholders of the Company even in the absence of an active market check and to obtain broader understanding and support from a greater number of the minority shareholders. In response, on October 24, 2025, the Tender Offeror made a sixth proposal to the Company as its final and best proposal, having sincerely taken the opinion of the Special Committee into account and carefully reconsidered the matter, setting the Tender Offer Price at JPY 9,760 and the Share Buy Back Price at JPY 6,877 (the Tender Offer Price represented a premium of 35.74% over the closing price of JPY 7,190 for the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 23, 2025, the business day immediately preceding the proposal date; 44.98% over the simple average closing price of JPY 6,732 for the one-month period up to that date; 44.40% over the simple average closing price of JPY 6,759 for the three-month period up to that date; and 52.38% over the simple average closing price of JPY 6,405 for the six-month period up to that date). In response, on October 27, 2025, the Tender Offeror received a reply from the Special Committee stating that, after continuing to carefully examine the matter from the perspective of protecting the interests of the minority shareholders, it had decided to accept the proposal setting the Tender Offer Price at JPY 9,760.

In addition, according to the Tender Offeror, on September 12, 2025, the Tender Offeror submitted the Final Letter of Intent to Sumitomo Electric Industries, which included a proposal that the Company Shares held by Sumitomo Electric Industries be acquired through the Share Buy Back. Thereafter, the parties continued discussions on the premise of entering into the Transaction-Related Agreements, and on October 24, 2025, the Tender Offeror made a proposal to Sumitomo Electric Industries setting the Tender Offer Price at JPY 9,760 and the Share Buy Back Price at JPY 6,877. In response, on October 27, 2025, the Tender Offeror received notice from Sumitomo Electric Industries that it would accept the proposal, and the Tender Offeror and Sumitomo Electric Industries entered into the Transaction-Related Agreements today, which included the agreement that Sumitomo Electric Industries would not tender its shares in the Tender Offer but would participate in the Share Buy Back.

In addition, according to the Tender Offeror, taking into consideration that, in the Initial Letter of Intent, the Tender Offeror proposed to the Company and Sumitomo Electric Industries, that the three companies - the Tender Offeror, the Company and Sumitomo Electric Industries – enter into a business alliance agreement, the Tender Offeror, in parallel with the negotiations on the Tender Offer Price with the Company and Sumitomo Electric Industries, had specific discussions with the Company and Sumitomo Electric Industries from early September 2025 to late October, 2025 regarding the management structure and business policies after the Transaction, as well as matters relating to the business alliance. As a result, today, the Tender Offeror, the Company, and Sumitomo Electric Industries entered into the Business Alliance Agreement, which aims to maintain and continue the existing collaborative relationships between the Company and Sumitomo Electric Industries and to further develop the business alliance among the three companies to promote the enhancement of their respective corporate value. For details of the Business Alliance Agreement, please refer to “(3) Business Alliance Agreement” in “4. Matters concerning Material Agreements regarding the Tender Offer” below.

According to the Tender Offeror, following the above process, today, the Tender Offeror decided to commence the Tender Offer as part of the Transaction, setting the Tender Offer Price at JPY 9,760 and the Share Buy Back Price at JPY 6,877.

(III) Management Policy After the Tender Offer

According to the Tender Offeror, following the Transaction, the Tender Offeror intends to deepen the collaborative framework with the Company in Japan and overseas and to implement proactive human resource development, with the aim of enhancing the corporate value of both companies. The Company will be positioned as one of the core companies within the Business Solutions Headquarters of the Tender Offeror Group, which oversees commercial facilities and logistics facilities, and its managerial freedom will be ensured under a spirit of independence and self-

reliance, while the Tender Offer Group will support its growth by providing the resources and business opportunities necessary for growth. The Tender Offeror intends to discuss the details with the Company following the Transaction.

According to the Tender Offeror, although Sumitomo Electric Industries will cease to be a shareholder of the Company following the Share Buy Back, the Tender Offeror, the Company, and Sumitomo Electric Industries have entered into the Business Alliance Agreement dated today for the purpose of continuing and developing the business serving electric power companies in which Sumitomo Electric Industries and the Company have operated in an integrated manner to date. For details of the Business Alliance Agreement, see “(3) Business Alliance Agreement” in “4. Matters concerning Material Agreements regarding the Tender Offer” below.

(IV) Decision-Making Process and Reasons Leading the Company to Support the Tender Offer

(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework

As described in "(II) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer", on May 28, 2025, during a meeting between the Tender Offeror, Sumitomo Electric Industries and the Company, the Company received an explanation from the Tender Offeror, together with Sumitomo Electric Industries, expressing their desire to commence earnest discussions regarding the Transaction. Subsequently, on June 30, 2025, the Company received an initial letter of intent from the Tender Offeror. During this period, while intermittent discussions were held between the Company and Sumitomo Electric Industries, no concrete negotiations took place, and no discussions were held between the Company and the Tender Offeror.

Following receipt of the initial letter of intent, the Company confirmed that Sumitomo Electric Industries also intends to proceed with concrete consideration of the proposal from the Tender Offeror, and Sumitomo Electric Industries has commenced concrete consideration of selling the Company Shares, but discussions among the Tender Offeror, Sumitomo Electric Industries and the Company had not been sufficiently conducted. In order to carefully consider such a proposal, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and third-party appraiser independent of the Tender Offeror-Related Parties as well as the success or failure of the Transaction in early July 2025 and appointed Anderson Mori & Tomotsune ("Anderson Mori & Tomotsune") as a legal advisor independent of the Tender Offeror-Related Parties as well as the success or failure of the Transaction.

Although the Tender Offer does not constitute a tender offer by a controlling shareholder, since (A) the Transaction are based on the acquisition of the Company Shares held by Sumitomo Electric Industries, the parent company and largest shareholder of the Company (including through the acquisition of treasury shares by the Company), and the Company, the Tender Offeror and Sumitomo Electric Industries plan to enter into the Business Alliance Agreement, and therefore, the interests of Sumitomo Electric Industries, the parent company and largest shareholder of the Company, which holds 17,828,151 shares (ownership ratio: 50.66%), and the minority shareholders of the Company may not necessarily align, (B) the Tender Offer is being conducted as part of the Transaction, which is premised on making the Company a wholly-owned subsidiary, and (C) three directors of the Company (Mr. Makoto Tani, Mr. Tetsunari Shimada, and Mr. Kenichi Shimada) are former employees of Sumitomo Electric Industries, it cannot be said that there are no potential conflicts of interest or information asymmetry issues with minority shareholders in the process of considering the Transaction at the Company. In light of this, based on the advice of Anderson Mori & Tomotsune, the Company has initiated the establishment of a framework to review, negotiate and make decisions on the Transaction independent of all Tender Offer-Related Parties and the success or failure of the Transaction from the perspective of enhancing the corporate value of the Company Group and securing the interests of the Company's minority shareholders.

Specifically, as described in "(i) Background of Establishment of the Committee" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under “(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, pursuant to a resolution adopted at the Company's board of directors meeting held on July 22, 2025, the Company established a special committee (the "Special Committee"). The Special Committee consists of four members: Mr. Rikiya Hattori (Independent Outside

Director of the Company, Outside Director of Shiga Bank, Ltd.), Mr. Hideyuki Takahashi (Independent Outside Director of the Company, Secretary General of the Japan Joint Securities Foundation), Mr. Hirofumi Yasuhara (Independent Outside Director of the Company, Outside Auditor of Sumitomo Rubber Industries, Ltd., Outside Auditor of Kanadevia Corporation), and Mr. Takuma Usui (Independent Outside Auditor of the Company, Attorney at Law, Partner at Tanabe and Partners) (Mr. Rikiya Hattori, an independent outside director of the Company, has been appointed as chairman of the Special Committee by mutual election among the committee members of this Special Committee). The Special Committee is independent of both the Tender Offer-Related Parties and the success or failure of the Transaction. The Company inquired to the Special Committee regarding (a) whether the purpose of the Transaction is reasonable (including whether the Transaction contributes to the enhancement of the corporate value of the Company), (b) whether the fairness and reasonableness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) are ensured, (c) whether the fairness of the procedures related to the Transaction is ensured, (d) whether, considering (a) through (c) above, the decision by the Company's board of directors to proceed with the Transaction is not considered disadvantageous to the Company's minority shareholders, and (e) the pros and cons of the Company's Board of Directors expressing its opinion in favor of the Tender Offer and recommending that the Company's shareholders tender their shares in the Tender Offer (collectively, the "Consultation Matters"). For details on the establishment of this Special Committee, the deliberation process, and the recommendations(s) reached, please refer to "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

As described in "(i) Background of Establishment of the Committee" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Company confirmed with the Special Committee that there were no issues regarding the independence and expertise of Nomura Securities, the Company's financial advisor and third-party appraiser, and Anderson Mori & Tomotsune, the Company's legal advisor, and obtained the Special Committee's approval for their appointment. Furthermore, as described in "(i) Background of Establishment of the Committee" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, based on the authorities granted to the Special Committee, on September 17, 2025, the Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") as its own financial advisor and independent third-party appraiser.

Furthermore, as described in "(VI) Establishment of an independent r Examination Framework at the Company" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Company has established a system within the Company to conduct review, negotiations, and decisions regarding the Transaction from a position independent of the Tender Offeror and Sumitomo Electric Industries, and obtained the Special Committee's approval that there were no issues regarding the independence and fairness of the Company's review system (including the scope of the Company's officers and employees involved in reviewing, negotiating, and making decisions regarding the Transaction, as well as their respective duties).

(ii) Background to the review and negotiations and determinations

After establishing the review system described in (i) above, the Company carefully examined the merits and demerits of the Transaction, including the Tender Offer Price, based on Nomura Securities' report on the valuation results of the Company Shares and advice regarding the negotiation policy with the Tender Offeror, and Anderson Mori & Tomotsune's legal advice regarding actions to ensure fairness of the procedures in the Transaction, based on the negotiation policy and opinions, instructions and requests regarding important aspects of the negotiation that were

confirmed by the Special Committee in advance.

First, the Company accepted due diligence by the Tender Offeror from late July 2025 to early September 2025, in order to have the Tender Offeror present measures to enhance the Company's corporate value and transaction terms and conditions, including the Tender Offer Price, after the Tender Offeror conducted further analysis and review of the Company's business and financial condition, among other things.

Subsequently, on September 12, 2025, the Company received from the Tender Offer the final letter of intent including a proposal to set the Tender Offer Price at 8,287 yen (representing a premium of 22.95% on JPY 6,740, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on September 11, 2025, the business day immediately preceding the proposal date, a premium of 20.82% on JPY 6,859, which is the simple average closing price of the Company Shares for the one-month period immediately preceding the base date, a premium of 25.54% on JPY 6,601, which is the simple average closing price during the past three-month period immediately preceding the base date, and a premium of 39.21% on JPY 5,953, the simple average closing price during the past six-month period immediately preceding the base date) and the Share Buy Back Price at 5,860 yen on the assumption that the Company will not pay an interim dividend and a year-end dividend for the fiscal year ending March 31, 2026. In response, on September 22, 2025, the Special Committee requested the Tender Offeror to consider increasing the Tender Offer Price since the Special Committee assessed that the price was not sufficient from the perspective of protecting the interests of minority shareholders of the Company, and to reconsider doing so on the assumption of paying an interim dividend for the fiscal year ending March 2026, given that the Transaction are scheduled to be announced after the Company's record date for the interim dividend for the fiscal year ending March 31, 2026. Subsequently, on September 25, 2025, the Company received from the Tender Offeror a second proposal to set the Tender Offer Price at 8,287 yen (representing a premium of 29.08% on JPY 6,420, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on September 24, 2025, the business day immediately preceding the proposal date, a premium of 24.39% on JPY 6,662, which is the simple average closing price for the one-month period immediately preceding the base date, a premium of 24.45% on JPY 6,659, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 36.75% on JPY 6,060, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at 5,860 yen on the assumption that the Company makes an interim dividend for the fiscal year ending March 31, 2026. In response, on September 29, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price because the Special Committee assessed that the price did not continue to sufficiently consider the interests of the Company's minority shareholders in light of the intrinsic value derived from the aggregate share value of the Company Shares. Consequently, the Special Committee requested a further increase in the Tender Offer Price. Subsequently, on October 1, 2025, the Company received a proposal from the Tender Offeror to increase the Tender Offer Price to JPY 8,847 (representing a premium of 37.80% on JPY 6,420, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 1, 2025, the proposal date, a 35.03% premium on JPY 6,552, which is the simple average closing price for the past one-month period immediately preceding the base date, a 32.44% premium on JPY 6,680, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 44.42% on JPY 6,126, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,247 yen. In response, on October 7, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price taking into account the intrinsic value and the synergies generated from the Transaction since the Special Committee assessed that the intrinsic value derived from the aggregate share value of the Company Shares has not yet been sufficiently assessed. Subsequently, on October 10, 2025, the Company received a forth proposal from the Tender Offeror to increase the Tender Offer Price to JPY 8,929 (representing a premium of 29.22% on JPY 6,910, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 9, 2025, the business day immediately preceding the proposal date, a 35.14% premium on JPY 6,607, which is the simple average closing price for the past one-month period immediately preceding the base date, a 33.01%

premium on JPY 6,713, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 43.14% on JPY 6,238, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,304 yen. In response, on October 15, 2025, the Special Committee conveyed to the Tender Offer that the Company's performance from April 1, 2025 to September 30, 2025 (interim consolidated accounting period) was expected to significantly exceed the most recently disclosed consolidated earnings forecast for the second quarter (interim period) of the fiscal year ending March 31, 2026 and that an upward revision to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2026 might be necessary, and requested the Tender Offeror to further increase the Tender Offer Price in order to obtain continued support from as many minority shareholders as possible, taking into account the medium-to long-term synergies generated from the Transaction and the fact that the Company is currently performing extremely well at a level that may require an upward revision of the consolidated earnings forecast. Subsequently, the Company received a fifth proposal from the Tender Offeror to set the Tender Offer Price at JPY 9,283 (representing a premium of 35.92% on JPY 6,830, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 17, 2025, the business day immediately preceding the proposal date, a 39.93% premium on JPY 6,634, which is the simple average closing price for the past one-month period immediately preceding the base date, a 37.89% premium on JPY 6,732, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 46.56% on JPY 6,334, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,552 on the assumption that the Company makes an interim dividend for the fiscal year ending March 31, 2026, as prices that are comprehensively determined taking into account the possibility of an upward revision of the Company's earnings forecasts after examining potential synergy effects associated with the Tender Offer and that sufficiently consider the interests of the Company's general shareholders. In response, on October 21, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price in order to obtain broad understanding and support from as many minority shareholders as possible, since it is an important judgment standard for the Special Committee that the interests of the Company's minority shareholders will be maximized even though no active market check has been conducted, and that the probability of the Transaction being consummated is sufficiently recognized considering the possibility of a countervailing tender offer by a third party other than the Tender Offeror, while the Special Committee understands that the fifth Tender Offer Price was proposed based on the perspective of ensuring the legitimate interests to be enjoyed by the Company's minority shareholders and that it is a price that assesses to a certain extent the intrinsic value derived from the aggregate share value of the Company Shares. Subsequently, on October 24, 2025, the Company received a sixth proposal from the Tender Offeror to set the Tender Offer Price at JPY 9,760 (representing a premium of 35.74% on JPY 7,190, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 23, 2025, the business day immediately preceding the proposal date, a 44.98% premium on JPY 6,732, which is the simple average closing price for the past one-month period immediately preceding the base date, a 44.40% premium on JPY 6,759, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 52.38% on JPY 6,405, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,877.

Subsequently, on October 27, 2025, the Special Committee replied that it would accept the proposal to set the Tender Offer Price at JPY 9,760 as a result of continuing careful consideration from the perspective of protecting the interests of the Company's minority shareholders.

Furthermore, considering that the Company received a proposal for conclusion of a business alliance agreement among the Tender Offeror, the Company and Sumitomo Electric Industries in the initial letter of intent from the Tender Offeror, and recognizing that the continuation of our existing collaborative relationship with Sumitomo Electric Industries after the Transaction is an important consideration for the implementation of the Transaction from the perspective of maintaining and enhancing the corporate value of the Company, the Company conducted specific discussions regarding the business alliance with the Tender Offeror and Sumitomo Electric Industries from early

September 2025 through late October 2025, in addition to the management structure and business policies following the Transaction, in parallel with the negotiations on the Tender Offer Price with the Tender Offeror mentioned above. As a result, we have entered into the Business Alliance Agreement today with the aim of maintaining and continuing the existing collaborative relationship between the Company and Sumitomo Electric Industries, and to develop the business alliance relationship among the Company, Sumitomo Electric Industries, and the Tender Offeror, thereby promoting the enhancement of the corporate value of the Company. For details of the Business Alliance Agreement, please refer to "(3) Business Alliance Agreement" under "4. Matters concerning Material Agreements regarding the Tender Offer" below.

During this review process, the Special Committee conducted multiple interviews with Sumitomo Electric Industries from late August 2025 to late September 2025 to review the possibility of options other than the Transaction, including maintaining the listing of the Company, in order to maintain and enhance the corporate value of the Company. Through these interviews, the Special Committee confirmed the background leading to Sumitomo Electric Industries' initiation of review of the Transaction and its holding policy regarding the Company Shares held by Sumitomo Electric Industries. During these interviews, Sumitomo Electric Industries indicated that (i) given recent developments in regulations and rules concerning listed companies with parent-subsidary relationships, it does not intend to maintain the current capital relationship between the Company and Sumitomo Electric Industries to resolve the structural conflict of interest between the parent company and minority shareholders of the listed subsidiaries, (ii) although it considered making the Company a wholly-owned subsidiary, since there are concerns that potential dyssynergies would become apparent due to a decrease in transactions in projects for electric power companies and "separation of materials and engineering" (Note 12), and we considered that it would be difficult to establish appropriate group governance considering the corporate culture of the Company as a "construction company" while the Sumitomo Electric Industries Group (comprising Sumitomo Electric Industries, its subsidiaries, and affiliates) is also compelled to respond to rapid changes in its global business environment, and making the Company a wholly-owned subsidiary would require the realization of additional synergies, the likelihood of achieving synergies that would enhance the corporate value of the Company is considered low, and the option of Sumitomo Electric Industries making the Company a wholly-owned subsidiary is not viable, and (iii) while it also considered the option of selling only a portion of the Company Shares held by it to maintain the listing of the Company Shares while dissolving the parent-subsidary relationship, it could not identify any strategic significance in maintaining a minority stake in the Company. Therefore, we have been informed that it intends to sell all of its Company Shares using methods that allow for the sale of all of its Company Shares. Based on such intention of Sumitomo Electric Industries, the Company and the Special Committee also reviewed the appropriateness of the Company acquiring the Company Shares held by Sumitomo Electric Industries as treasury shares while maintaining the listing of the Company. However, we confirmed that, if such acquisition of treasury shares were implemented, there was a risk of deterioration of financial conditions in a short term due to deterioration of cash flow, etc., and that if such acquisition of treasury shares were implemented while the Company remained listed, it would not be possible to obtain sufficient evaluation from capital market in a short term, which would result in a decline in the share price of the Company and adversely affect the shareholders of the Company, and that Sumitomo Electric Industries could not accept such acquisition of treasury shares. Accordingly, it reached the conclusion that it would be difficult to acquire treasury shares and then maintain the listing.

(Note 12) It refers to the separation of construction materials and construction work. It is said that by separating the ordering of construction materials and construction work, it is possible to make costs transparent and perform high-quality construction at low prices.

On that basis, as described above, the Company and the Special Committee received an explanation from Sumitomo Electric Industries that it intends to transfer the Company Shares to an external partner that can contribute to further enhancing the corporate value cultivated by the Company Group, and that, as a result of reviewing the sale of the Company Shares following multiple proposals made by companies other than the Tender Offeror, we determined the

Transaction by the Tender Offeror would contribute to further enhancing the corporate value of the Company Group in light of the status of business activities of the Tender Offeror, the global business environment, the background and intent of the proposals, future prospects and other factors and decided to hold discussions and negotiations with the Tender Offeror, and accordingly proceeded to consider whether or not to conduct the Transaction by the Tender Offeror, taking the dissolution of the capital relationship between the Company and Sumitomo Electric Industries as a given.

In the course of the discussions and negotiations with the Tender Offeror and Sumitomo Electric Industries described above, Nomura Securities, the Company's financial advisor, has responded in accordance with the discussion and negotiation policy deliberated and determined by the Special Committee. Furthermore, whenever Nomura Securities received a proposal regarding the Tender Offer Price from the Tender Offeror, Nomura Securities promptly reported to the Special Committee and responded in accordance with its instructions.

As of today, the Company received an advisory report (the "Advisory Report") from the Special Committee to the effect that the decision to implement the Transaction will not be detrimental to the Company's minority shareholders (for an overview of the Advisory Report, please see "(iii) Determinations" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below).

In light of this background, the Company carefully examined and discussed at its board of directors meeting held today whether the Transaction, including the Tender Offer, would contribute to enhancing the Company Group's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, based on the advice from Nomura Securities and Anderson Mori & Tomotsune, the contents of the share valuation report pertaining to the share value of the Company Shares obtained from Nomura Securities on October 29, 2025 (the "Share Valuation Report (Nomura Securities)"), and the contents of the share valuation report pertaining to the share value of the Company Shares (the "Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities)") and a fairness opinion (the "Fairness Opinion") obtained by the Special Committee from Mitsubishi UFJ Morgan Stanley Securities on October 29, 2025 while respecting to the maximum extent the contents of the determinations of the Special Committee presented in the Advisory Report.

As a result, after comprehensively considering the following perspectives, the Company reached the conclusion that the Transaction will contribute not only to the maintenance but also to the further improvement and development of the corporate value of the Company Group, while mitigating the potential disadvantages arising from the dissolution of the capital relationship between the Company and Sumitomo Electric Industries and the delisting. The Company further concluded that the Transaction are the best possible means available given the dissolution of the capital relationship between the Company and Sumitomo Electric Industries.

First, the Company examined the following concerns regarding the implementation of the Transaction: (a) Sumitomo Electric Industries and the Company maintain significant collaborative relationships, business relations, sales support, personnel exchanges, and technical exchanges (collectively referred to as the "Collaborative Relationships"). If the capital relationship between the Company and Sumitomo Electric Industries is dissolved and the Company ceases to be a member of Sumitomo Electric Industries Group, and the existing Collaborative Relationships between Sumitomo Electric Industries and the Company are not maintained or continued, there would be an adverse effect on the business operations and corporate value of the Company; (b) if the Company becomes a member of the Tender Offeror Group, the Company would be compelled to prioritize the projects of the Tender Offeror Group, and as a result, the Company will lose opportunities to receive orders from existing customers such as general contractors outside the Tender Offeror Group, and consequently, there is a risk that the Company would be unable to maintain the construction technology that it has developed through diverse projects across various fields; (c) the Company will cease to be a listed company, and will no longer be able to use the trade name bearing the "Sumitomo" name and need to change its name since it will

cease to be a member of Sumitomo Electric Industries Group. This could impact the name recognition, social credibility, and ability to secure talent that the Company has enjoyed as a listed company. It could also affect the motivation of those within the Company Group who aspire to work for a listed company or who take pride in the Company's trade name and brand; and (d) the delisting of the Company may result in disadvantages such as the loss of opportunities to raise funds through equity financing in the capital markets.

With respect to (a) above, in the Business Alliance Agreement executed today between the Company, the Tender Offeror, and Sumitomo Electric Industries, the parties agreed to maintain the Collaborative Relationships between the Company and Sumitomo Electric Industries in the same manner as before the implementation of the Transaction for the purpose of developing the business alliance relationship between the Company, Sumitomo Electric Industries, and the Tender Offeror, including the consideration of new collaborations, after the Transaction. Therefore, the Company believes that the existing Collaborative Relationships between the Company and Sumitomo Electric Industries will be maintained and continued after the Transaction through the Business Alliance Agreement.

With respect to (b) above, the Tender Offeror Group is a conglomerate of comprehensive developers, construction companies, and housing manufacturers and thus act both as a project owner and contractor in the course of business. The Tender Offeror Group maintains good relationships with general contractors outside the Tender Offeror Group. Through interviews with the Tender Offeror, in order to maintain the project management methodologies and high profitability the Company has cultivated to date, the Company confirmed that (1) the Tender Offeror will respect the independence of the Company and preserve the Company's managerial autonomy, (2) decisions on whether to accept projects will remain within the Company's discretion, (3) orders from the Tender Offeror Group will be subject to close consultation from the planning stage, and (4) the Tender Offeror believes that by proactively maintaining and expanding business with customers outside the Tender Offeror Group, including existing customers, the construction technology of the Company will be maintained and enhanced, thereby contributing to the improvement in the corporate value of the Tender Offeror Group as a whole. Therefore, the Company believes that the impact of such concerns will be limited.

With respect to (c) above, the Company confirmed that although the Tender Offeror Group does not conduct group-wide hiring and that recruitment is handled on a company-by-company basis, the Tender Offeror Group enjoys strong nationwide name recognition, brand strength and corresponding recruitment power, and has built up sufficient credibility over many years as a listed company. The Company also confirmed that the Tender Offeror is considering various forms of auxiliary support to help development since securing technical personnel is indispensable and critical to the Company's growth. Therefore, the Company believes that the Company's concerns can be mitigated.

With respect to (d) above, considering the Company's current financial condition and the recent low-interest rate environment in indirect financing, there is little need for equity financing through the capital market for the time being, and the Company has plans for fund support from the Tender Offeror as needed, in addition to indirect financing mainly from current main financing banks. Therefore, the Company believes that the impact of such concerns will be limited.

In addition, the benefits of the Transaction, which the Company believes will contribute to further improvement in the Company's corporate value by making the Company a member of the Tender Offeror Group, are as follows.

(i) Acquisition of Tender Offeror Group development contracts and accumulation of construction track record and technical know-how

The Tender Offeror Group undertakes numerous developments in growth areas such as data centers and semiconductor plants. By winning contracts for projects carried out by the Tender Offeror Group, the Company will be able to expand its business, gain trust of data center operators and other clients, and, through the accumulation of the Company's construction track record and know-how, expect to increase orders from companies outside the Tender Offeror Group.

Furthermore, the Company believes that deepening collaboration through client sharing with the Tender Offeror Group, including the Tender Offeror and its subsidiary Fujita, will expand orders for both the Tender Offeror Group and the Company Group, and thereby enhance the corporate value of both groups.

(ii) Business growth and stability through orders for projects undertaken by the Tender Offeror Group

Given that the Tender Offeror Group is a conglomerate of comprehensive developers and construction companies that undertakes numerous projects, the Company believes that the Company's business and financial performance will grow by securing stable contracts from the Tender Offeror Group, contributing to the enhancement of the corporate value of the Tender Offeror Group as a whole. Moreover, this will increase the stability of the Company's business and financial performance even if the current supply-demand imbalance where construction demand exceeds construction capacity reverses, or in the event of economic downturn.

(iii) Acquisition of overseas projects primarily in Southeast Asia

Outside Japan, the Company has established local subsidiaries in seven countries (Indonesia, Thailand, Malaysia, the Philippines, Vietnam, China, and Cambodia) and has built a track record and earned trust of customers, including non-Japanese customers, by reliably executing contracted projects. In this context, the Company believes that sharing customers with the Tender Offeror Group in the countries and regions where the Company already operates will enable the Company Group to expand its order intake and thereby contribute to the enhancement of the corporate value of both groups.

The Company determined that the Tender Offer Price is reasonable and provides the Company's shareholders with a reasonable opportunity to sell their shares for the following reasons:

- (a) The Tender Offer Price is above the range of the valuation results of the value of the Company Shares produced by Nomura Securities using the average market share price method, the comparable company method and the discounted cash flow method ("DCF method") as set forth in "(ii) Overview of Valuation" under "(I) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters Concerning Valuation" below. The value per share obtained by dividing the total share value of the Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares), by the Reference Number of Shares is above the range of the valuation results by the average market share price method and the comparable company method and also above the median of the range of the valuation results by the DCF method in the Share Valuation Report (Nomura Securities).
- (b) The Tender Offer Price is above the range of the valuation results of the value of the Company Shares produced by Mitsubishi UFJ Morgan Stanley Securities using the average market share price method, the comparable company method and the DCF method as set forth in "(ii) Overview of Valuation" under "(II) Procurement by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters Concerning Valuation" below. The value per share obtained by dividing the total share value of the Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares), by the Reference Number of Shares is above the range of the valuation results by the average market share price method and also above the median of the range of the valuation results by the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities). The Special Committee obtained the Fairness Opinion, from Mitsubishi UFJ Morgan Stanley Securities, stating that the Tender Offer Price of JPY 9,760 is deemed fair to the Company's shareholders from a financial perspective.

- (c) The Tender Offer Price represents a premium of 28.08% on JPY 7,620, which is the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, which is the business day immediately preceding the date of announcement of the Tender Offer, a premium of 41.16% on JPY 6,914, which is the simple average closing price for the most recent one month up to that date, a premium of 43.45% on JPY 6,804, which is the simple average closing price for the most recent three months up to that date, and a premium of 50.83% on JPY 6,471, which is the simple average closing price for the most recent six months up to that date. Although these premiums are above the median of the simple average closing price for the most recent six months up to the business day immediately preceding the date of announcement and lower than the average or median for other periods as compared to the premium levels (Note 14) observed in comparable transactions (Note 13) (specifically 126 cases), the deviation from the average and median of the simple average closing price for the most recent one month, most recent three months and most recent six months up to the business day immediately preceding the date of announcement is not large. Moreover, since premium levels for individual transaction fluctuate for a variety of reasons and reliance solely on a simple comparison with such comparable transactions is not necessarily appropriate for assessing reasonableness, the Company considers these premiums not to be unreasonable.

(Note 13) It refers to cases of tender offer aimed at taking domestic listed companies (excluding investment corporations) private that were announced on or after January 1, 2023 and for which the settlement commencement date had arrived by October 29, 2025 (excluding cases in which (i) the target company was a consolidated subsidiary or an affiliate of the tender offeror prior to the commencement of the tender offer; (ii) the tender offer was a competing bid; (iii) at the time of the tender offer announcement, the target company's board of directors had not resolved to recommend acceptance of the tender offer; (iv) the tender offer was a two-step tender offer; (v) the tender offer was implemented as a tender offer without consent; or (vi) the premium was negative for all of the following periods: the business day immediately preceding the announcement, the one-month simple average up to that date, the three-month simple average up to that date, and the six-month simple average up to that date).

(Note 14) The mean and median of the premium levels are 55.52% and 44.56% relative to the closing price on the business day immediately preceding the announcement for comparable transactions (for cases where speculative reports had been published, relative to the business day immediately preceding such reports), 56.79% and 47.83% relative to the simple average closing price for the past one-month period up to that date, 58.76% and 47.57% relative to the simple average closing price for the past three-month period up to that date, and 59.07% and 50.07% relative to the simple average closing price for the past six-month period up to that date.

- (d) The Tender Offer Price was determined following sincere and continuous discussions and negotiations between the Company and the Tender Offeror, after measures to ensure fairness and avoid conflicts of interest as described in "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" were sufficiently implemented and consideration was given to the interests of the Company's minority shareholders.
- (e) The Special Committee, having deliberated and examined reports received from time to time from the Company, Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities, expressed its views on the terms of the Tender Offer and the matters to be negotiated with the Tender Offeror in order to achieve the significance and objectives of the Transaction for the Company, and by directly sending written communications to the Tender Offeror, substantially participated in the negotiation process regarding the terms of the Transaction, including the Tender

Offer Price. As described in "(iii) Determinations" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest," the Special Committee has expressed the judgment in the Advisory Report that the fairness and appropriateness of the terms of the Transaction, including the Tender Offer Price, are deemed to be ensured.

Based on the foregoing, the Company concluded that the Transaction would contribute to the enhancement of the corporate value of the Company Group, the Tender Offer Price is a reasonable price which ensures the interests to be enjoyed by the Company's shareholders, and that the Tender Offer provides the Company's shareholders with a reasonable opportunity to sell their shares, and thereupon, resolved at the Company's board of directors meeting held today to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender in the Tender Offer.

For details of the resolution concerning the above-mentioned board of directors meeting, please see "(VII) Approval by All Disinterested Directors of the Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(3) Matters Concerning Valuation

(I) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser

(i) Name of the Appraiser and its Relationship with the Company and the Tender Offeror

The Company requested Nomura Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Company Shares, in expressing its opinion on the Tender Offer, and received the Share Valuation Report (Nomura Securities) on October 29, 2025.

Given that the Company and the Tender Offeror implemented measures to ensure fairness of the Transaction including the Tender Offer and to prevent conflict of interest, the Company determined that the fairness of the Transaction is sufficiently ensured. Therefore, the Company has not procured a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities. Nomura Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction, including the Tender Offer.

Furthermore, the fees payable to Nomura Securities with respect to the Transaction include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions. The Company has appointed Nomura Securities as its financial advisor and third-party appraiser under such fee structure, upon determining that including a performance fee which is payable subject to the completion of the Tender Offer and other conditions will not negate the independency when considering the general practice in similar transactions, and the pros and cons of the fee structure that would result in the Company incurring a due financial burden if the Transaction are not successfully completed. Furthermore, the Company confirmed with the Special Committee that there were no issues regarding the independence of Nomura Securities.

(ii) Overview of Valuation

After examining the valuation method in the Tender Offer, based on the belief that the value of the Company Shares should be evaluated from multiple perspectives under the assumption that the Company is a going concern, Nomura Securities used the following methods to calculate the value of the Company Shares: the average market share price method, as the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange; the comparable company method, as there are listed companies relatively similar to the Company and it is possible to analogize the share value of the Company Shares by comparing to that of similar listed companies; and the DCF method to reflect the situation of business activities in the future in the valuation.

According to Nomura Securities, the range of the value per share of the Company Shares calculated under each of the above methods is as follows:

Average market share price method	From JPY 6,471 to JPY 7,620
Comparable company method	From JPY 4,555 to JPY 7,914
DCF method	From JPY 7,262 to JPY 8,675

Under the average market share price method, with October 29, 2025 being set as the reference date, the value per share of the Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent five business days of JPY 7,322; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

Under the comparable company method, the value per share of the Company Shares is calculated to range from JPY 4,555 to JPY 7,914, by calculating the value of the Company Shares through comparison to share prices and financial indicators showing profitability of listed companies engaging in business similar to that of the Company.

Under the DCF method, considering reasonable assumptions such as revenue forecasts and investment plans based on the business plan prepared by the Company (the "Business Plan"), the corporate value of the Company was evaluated based on the free cash flow expected to be generated by the Company from the second quarter of the fiscal year ending March 2026 by discounting to the present value at a discount rate corresponding to the business risk, and the share value of the Company was analyzed by making certain financial adjustments such as adding cash equivalents and subtracting interest-bearing debt held by the Company. Accordingly, the value per share of the Company Shares is calculated to range from JPY 7,262 to JPY 8,675. It should be noted that the Business Plan on which the DCF method is based does not contain any fiscal year expecting a significant increase or decrease in earnings, but contains a fiscal year expecting a significant increase or decrease in free cash flow. Specifically, for the fiscal years ending March 2028 and March 2029, substantial decrease in free cash flow (fiscal year ending March 2028: approximately JPY 140 million, year-on-year change: - 98.5%; fiscal year ending March 2029: approximately - JPY 2.73 billion, year-on-year change: -) is expected due to increase in working capital associated with revenue growth and higher capital expenditures. The earnings forecast underlying the DCF method takes into account the financial results forecast for the fiscal year ending March 2026 as stated in the "Differences Between the Consolidated Financial Results Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to the Consolidated Financial Results Forecast" published by the Company today.

The Business Plan does not reflect synergy effects expected to be realized through the implementation of the Transaction since it is difficult to specifically estimate such synergy effects at the time of calculation. Furthermore, as described in "(ii) Background of Examination" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Special Committee received explanations regarding the contents and preparation process of the Business Plan and confirmed the reasonableness of the Business Plan through question-and-answer sessions on these points.

(Note) In calculating the share value of the Company Shares, Nomura Securities assumed that disclosed information and all information provided by the Company were accurate and complete, and did not independently verify their accuracy and completeness. Nomura Securities did not conduct any independent valuation, appraisal or assessment of the Company's and its affiliate's assets or liabilities (including derivative financial instruments, off-balance sheet assets and liabilities and other contingent liabilities), including the analysis and evaluation of individual assets and liabilities, nor did it request a third party to conduct an appraisal or assessment. Nomura Securities assumed that the Business Plan had been considered and prepared by the Company's management in

a reasonable manner based on the best and good-faith forecasts and judgments available at the time of calculation. The calculation by Nomura Securities reflects information and economic conditions available to Nomura Securities up until October 29, 2025. The calculation by Nomura Securities is intended solely as a reference for the Company's board of directors in assessing the value of the Company Shares.

(II) Procurement by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser

(i) Name of the Appraiser and its Relationship with the Company and the Tender Offeror

The Special Committee requested Mitsubishi UFJ Morgan Stanley Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Company Shares and express an opinion on the fairness of the Tender Offer Price from a financial perspective, in considering the Consultation Matters, and received the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) and the Fairness Opinion on October 29, 2025.

Mitsubishi UFJ Morgan Stanley Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction, including the Tender Offer.

Furthermore, the fees payable to Mitsubishi UFJ Morgan Stanley Securities with respect to the Transaction do not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions.

(ii) Overview of Valuation

After examining the valuation method in the Tender Offer, based on the belief that the value of the Company Shares should be evaluated from multiple perspectives, Mitsubishi UFJ Morgan Stanley Securities used the following methods to calculate the value of the Company Shares: the average market share price method, as the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and have market price; the comparable company method, as there are listed companies engaging in business relatively similar to that of the Company and it is possible to analogize the share value of the Company Shares by comparing to that of similar listed companies; and DCF method to reflect the situation of business activities in the future in the valuation. The range of the value per share of the Company Shares calculated by Mitsubishi UFJ Morgan Stanley Securities under each of the above methods is as follows:

Average market share price method	From JPY 6,471 to JPY 7,620
Comparable company method	From JPY 5,180 to JPY 9,191
DCF method	From JPY 7,271 to JPY 9,026

Under the average market share price method, with October 29, 2025 being set as the reference date, the value per share of the Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

Under the comparable company method, the value per share of the Company Shares is calculated to range from JPY 5,180 to JPY 9,191, by calculating the value of the Company Shares through comparison to share prices and financial indicators of listed companies engaging in business relatively similar to that of the Company.

Under the DCF method, based on various assumptions including the Business Plan, the trend of financial performance to date as well as publicly disclosed information, the corporate value and share value of the Company were calculated by discounting the free cash flow expected to be generated by the Company in the future back to the present value using a certain discount rate, and the value per share of the Company Shares is calculated to range from JPY 7,271 to JPY 9,026.

It should be noted that the Business Plan on which the DCF method is based does not contain any fiscal year expecting a significant increase or decrease in earnings, but contains a fiscal year expecting a significant increase or decrease in free cash flow. Specifically, for the fiscal year ending March 2028, substantial increase in free cash flow (JPY 12.1 billion,

year-on-year change: 59.4% increase) is expected due to improved profit levels and decrease in corporate tax payments, and for the fiscal year ending March 2029, substantial decrease in free cash flow (- JPY 11.95 billion, year-on-year change: 198.8% decrease) is expected due to increase in working capital associated with revenue growth and higher capital expenditures. The earnings forecast underlying the DCF method takes into account the financial results forecast for the fiscal year ending March 2026 as stated in the "Differences Between the Consolidated Financial Results Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to the Consolidated Financial Results Forecast" published by the Company today. Furthermore, the Business Plan does not reflect synergy effects expected to be realized through the Tender Offer since it is difficult to specifically estimate such synergy effects at this point.

(iii) Overview of Fairness Opinion

On October 29, 2025, the Special Committee obtained the Fairness Opinion, from Mitsubishi UFJ Morgan Stanley Securities, stating that the Tender Offer Price of JPY 9,760 per share is deemed fair to the Company's shareholders (excluding Sumitomo Electric Industries, the Tender Offeror and their affiliates) from a financial perspective. The Fairness Opinion was issued following the analysis and examination of the Business Plan and other financial information submitted by the Company and question-and-answer sessions with the Company and the Special Committee, in addition to the examination of the results of the valuation of the Company Shares conducted by Mitsubishi UFJ Morgan Stanley Securities and question-and-answer sessions with the Company and the Special Committee regarding the background and circumstances leading to the decision to support the Tender Offer. The Fairness Opinion was issued in accordance with the internal procedures of Mitsubishi UFJ Morgan Stanley Securities following the approval by the committee consisting of professionals from its Investment Banking Division and other departments.

(Note) The Fairness Opinion issued by Mitsubishi UFJ Morgan Stanley Securities and the analysis of the value of the Company Shares that served as a basis for the Fairness Opinion were addressed to the Special Committee solely for the purpose of serving as reference information for the Special Committee, and are limited to assessing only whether, as of October 29, 2025, the Tender Offer Price is fair to the Company's shareholders (excluding Sumitomo Electric Industries, the Tender Offeror and their respective affiliates) from a financial perspective. The Fairness Opinion and the underlying analysis do not address the share price of the Company Shares following the Tender Offer. They do not express any view or make any recommendation to any of the Company's shareholders regarding any actions those shareholders may take in connection with the Tender Offer. Mitsubishi UFJ Morgan Stanley Securities does not recommend any specific Tender Offer Price to the Special Committee, nor does it recommend that any particular Tender Offer Price be regarded as the only appropriate price for the Tender Offer. In expressing its opinions in the Fairness Opinion and analyzing such opinions, Mitsubishi UFJ Morgan Stanley Securities has relied on publicly available information and information provided by the Company and the Special Committee on the assumption that such information is accurate and complete, and did not independently verify their accuracy and completeness. Mitsubishi UFJ Morgan Stanley Securities has not been provided with the Company's audited financial statements for the second quarter of the fiscal year ending March 2026 in connection with the preparation of the Fairness Opinion. Mitsubishi UFJ Morgan Stanley Securities assumed, without performing independent verification, that the internally prepared financial statements provided to it are accurate in all material respects and fairly present the matter described. In preparing the Fairness Opinion, Mitsubishi UFJ Morgan Stanley Securities also assumed that the financial forecasts had been prepared by the Company's management in a reasonable manner based on the best forecasts and judgments available at the time regarding the Company's future financial condition. Mitsubishi UFJ Morgan Stanley Securities assumes that the terms set forth in the agreements related to the Transaction will not be waived or amended and will be performed without delay. Mitsubishi UFJ Morgan Stanley Securities assumes that all permits, licenses and consents of the government agencies, supervisory authorities and other bodies required for the Transaction will be obtainable and that any such permits, licenses and consents will not be subject to delay, restriction or condition that may have a material adverse effect on the

expected benefits of the Transaction. Mitsubishi UFJ Morgan Stanley Securities is not a legal, accounting or tax advisor. Mitsubishi UFJ Morgan Stanley Securities is a financial advisor, and relies on the judgments of the Special Committee, the Company and the Company's auditors and legal advisors regarding legal, accounting and tax matters without performing independent verification. Mitsubishi UFJ Morgan Stanley Securities has not conducted any independent valuation or assessment of the assets or liabilities of the Company and its affiliates, nor has it been provided with any such valuation or assessment. The Fairness Opinion and the underlying analysis of Mitsubishi UFJ Morgan Stanley Securities are based on economic, financial, market and other conditions as of October 29, 2025 and on information that Mitsubishi UFJ Morgan Stanley Securities has obtained up to that date. Events that occur on or after October 29, 2025 may affect the Fairness Opinion, the underlying analysis and the assumptions used for the preparation of the Fairness Opinion. However, Mitsubishi UFJ Morgan Stanley Securities is not obligated to update, revise or review its opinions. In expressing its opinions in the Fairness Opinion, Mitsubishi UFJ Morgan Stanley Securities is not authorized to solicit, and is not soliciting, any entity in connection with acquisition, business combination or other special transaction involving the Company. Mitsubishi UFJ Morgan Stanley Securities has not engaged in negotiations with any entity that has expressed interest in acquiring the Company or any part of the Company's businesses. Mitsubishi UFJ Morgan Stanley Securities has been retained solely to provide valuation and analysis of the Company's corporate value and share value and to issue a fairness opinion in connection with the Transaction, and it has not participated in the structuring, planning or negotiation of the Transaction. The Fairness Opinion and the underlying analysis have gone through complicated processes and are not necessarily suitable for partial analysis or summary. Mitsubishi UFJ Morgan Stanley Securities considers all of its analyses as a whole and does not place particular weight on any singly analysis or factor. In performing its analyses, Mitsubishi UFJ Morgan Stanley Securities makes numerous assumptions regarding industry conditions, general business and economic conditions and other matters, many of which are beyond the control of Mitsubishi UFJ Morgan Stanley Securities, the Company or the Tender Offeror. All forecasts included in Mitsubishi UFJ Morgan Stanley Securities' analyses do not necessarily indicate future results or actual values, and such results and values may be materially better or worse than those suggested by such forecasts. Mitsubishi UFJ Morgan Stanley Securities will provide services as a financial advisor of the Special Committee in relation to the Transaction and will receive fees as the consideration for the services. The fees payable to Mitsubishi UFJ Morgan Stanley Securities with respect to the Transaction do not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions. Mitsubishi UFJ Morgan Stanley Securities and its affiliates provide global financial services, including banking, securities, trust, investment management and other financial services (collectively referred to as the "Financial Services"). The securities business includes not only investment banking, financing and financial advisory services, but also securities underwriting, trading and brokerage, foreign exchange, commodities and derivatives transactions. In the ordinary course of securities underwriting, trading, brokerage and financing activities, Mitsubishi UFJ Morgan Stanley Securities and its affiliates may, with respect to bonds, shares or loans of the Tender Offer-Related Parties or other entities related to the Transaction, or with respect to currencies, commodities or derivatives related to the Transaction, hold long or short positions, provide Financial Services to the Tender Offer-Related Parties or other entities related to the Transaction, and conduct purchases, sales or other transactions for their own account or for the accounts of their customers. Mitsubishi UFJ Morgan Stanley Securities, its affiliates and their directors and officers may invest their own funds in bonds, shares or loans of the Tender Offer-Related Parties or other entities related to the Transaction, or in currencies, commodities or derivatives related to the Transaction, or may operate funds that invest their own funds in such instruments. Mitsubishi UFJ Morgan Stanley Securities may also provide ordinary brokerage services to the Tender Offer-Related Parties or other entities related to the Transaction.

(III) Procurement by the Tender Offeror of a Share Valuation Report from an Independent Financial Advisor and Third-Party

Appraiser

According to the Tender Offeror, the Tender Offeror requested Mizuho Securities, a financial advisor and third-party appraiser independent of the Tender Offer-Related Parties, to calculate the value of the Company Shares, in determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, and received the share valuation report pertaining to the share value of the Company Shares (the "Share Valuation Report (Mizuho Securities)") on October 29, 2025.

Mizuho Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction. Mizuho Bank, a group company of Mizuho Securities, is a shareholder of the Tender Offeror, and as part of its ordinary banking business, provides loan facilities to the Tender Offeror and Sumitomo Electric Industries and is expected to provide financing related to the Tender Offeror's purchase funds. Mizuho Trust & Banking Co., Ltd., a group company of Mizuho Securities ("Mizuho Trust Bank"), also provides loan facilities to the Tender Offeror as part of its ordinary banking business, but it has no material interest that would give rise to a conflict of interest with the Tender Offer-Related Parties in connection with the Transaction. According to Mizuho Securities, Mizuho Securities has established and implemented an appropriate conflict-of-interest management framework between Mizuho Securities and Mizuho Bank as well as between Mizuho Securities and Mizuho Trust Bank in accordance with Article 36 of the Act and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments Business (Cabinet Office Ordinance No. 52 of 2007, as amended), and conducts its valuation independently of Mizuho Bank's position as a shareholder and lender and of Mizuho Trust Bank's position as a lender. The Tender Offeror selected Mizuho Securities as an independent third-party appraiser after confirming that appropriate measures to prevent conflict of interest between Mizuho Securities and Mizuho Bank as well as between Mizuho Securities and Mizuho Trust Bank have been implemented, that Mizuho Securities conducts transactions with the Tender Offeror on the same commercial terms as with ordinary customers, thereby ensuring Mizuho Securities' independence as a third-party appraiser, and that Mizuho Securities has a track record of serving as a third-party appraiser in similar cases.

According to the Tender Offeror, Mizuho Securities, after reviewing the Company's financial condition and trends in the market price of the Company Shares, determined that the value of the Company Shares should be evaluated from multiple perspectives. After examining the valuation method to adopt from multiple share valuation methods, Mizuho Securities used the market price standard method, the comparable company method and the DCF method to calculate the value of the Company Shares. According to Mizuho Securities, the range of the value per share of the Company Shares calculated under each of the above methods is as follows:

Market price standard method	From JPY 6,471 to JPY 7,620
Comparable company method	From JPY 5,393 to JPY 6,867
DCF method	From JPY 6,612 to JPY 8,692

Under the market price standard method, with October 29, 2025, which is the business day immediately preceding the date of announcement of the Tender Offer, being set as the reference date, the value per share of the Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

Under the comparable company method, the value per share of the Company Shares is calculated to range from JPY 5,393 to JPY 6,867, by calculating the value of the Company Shares through comparison to share prices and financial indicators showing profitability of listed companies engaging in business relatively similar to that of the Company.

Under the DCF method, based on various assumptions including the Business Plan for the period from the fiscal year ending March 2026 to the fiscal year ending March 2029, the trend of financial performance to date, the results of the due diligence conducted by the Tender Offeror on the Company from late July 2025 to early September 2025 as well as

publicly disclosed information, the corporate value and share value of the Company were calculated by discounting the free cash flow expected to be generated by the Company from the fiscal year ending March 2026 back to the present value using a certain discount rate, and the value per share of the Company Shares is calculated to range from JPY 6,612 to JPY 8,692. In addition, the synergy effects expected to be realized through the Tender Offer are not reflected since it is difficult to specifically estimate their impact on revenue, excluding cost reductions such as those related to maintaining a listing, at this point.

The Tender Offeror, in addition to the valuation results set out in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, considered the results of the due diligence it conducted on the Company, movements in the market price of the Company Shares, whether the Company's board of directors and the Special Committee would support the Tender Offer, and the prospects for the Company's shareholders to tender their shares in the Tender Offer, and ultimately determined to set the value per share of the Company Shares at JPY 9,760 today.

The Tender Offeror obtained from the Company and Sumitomo Electric Industries the information necessary to calculate the amount of the deemed dividends under the Corporation Tax Act that would arise if Sumitomo Electric Industries were to participate in the Share Buy Back, and reviewed the Tender Offer Price and the Share Buy Back Price. As of today, from the perspective of maximizing the Tender Offer Price while ensuring fairness among shareholders, and considering the fact that Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed in the Corporation Tax Act, the Tender Offeror calculated the Tender Offer Price and the Share Buy Back Price so that (i) the after-tax proceeds that Sumitomo Electric Industries will receive from the Share Buy Back would be equivalent to (ii) the after-tax proceeds it would have received if it had tendered its Company Shares in the Tender Offer, thereby sharing the tax benefit which gives rise to Sumitomo Electric Industries with other minority shareholders. As a result, the Tender Offeror decided to set the Tender Offer Price at JPY 9,760 per share and the Share Buy Back Price at JPY 6,877 per share.

The Tender Offer Price of JPY 9,760 represents a premium of 28.08% on JPY 7,620, which is the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, which is the business day immediately preceding the date of announcement of the Tender Offer, a premium of 41.16% on JPY 6,914, which is the simple average closing price for the past one-month period up to that date, a premium of 43.45% on JPY 6,804, which is the simple average closing price for the past three-month period up to that date, and a premium of 50.83% on JPY 6,471, which is the simple average closing price for the past six-month period up to that date.

(Note) In calculating the share value of the Company Shares, Mizuho Securities generally relied on the information provided by the Company and publicly available information, assuming that such materials and information are all accurate and complete, and that there are no undisclosed facts that could materially affect the analysis and calculation of the Tender Offer Price. Mizuho Securities did not independently verify their accuracy and completeness. Furthermore, Mizuho Securities assumed that the Company's financial forecasts were reasonably prepared by the Company's management based on the best forecasts and judgments available at the time of calculation and that the Tender Offeror's management reviewed the content and approved its use in the valuation conducted by Mizuho Securities. Mizuho Securities did not conduct any independent valuation or assessment of the Company's and its affiliate's assets or liabilities (including off-balance sheet assets and liabilities and other contingent liabilities), nor did it request a third party to conduct an appraisal or assessment. The calculation by Mizuho Securities reflects above information available to Mizuho Securities up until October 29, 2025.

(4) Possibility of Delisting and Reason Therefor

According to the Tender Offeror, as of today, the shares of the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange. However, since the Tender Offeror has not set the maximum number of shares to be purchased in the Tender Offer, depending on the outcome of the Tender Offer, the Company Shares may be delisted through specified procedures in accordance with the delisting standards of the Tokyo Stock Exchange.

Even if such standards are not met at the time of the completion of the Tender Offer, the Tender Offeror intends to request the Company to implement the Squeeze-Out Procedures as described in "(5) Policy on Organizational Restructuring after the

Tender Offer (Matters Concerning So-Called Two-Step Acquisition)" below after the successful completion of the Tender Offer. In such case, the Company Shares will be delisted through specified procedures in accordance with the delisting standards of the Tokyo Stock Exchange. After the delisting, the Company Shares may not be traded on the Prime Market of the Tokyo Stock Exchange.

The reasons for the delisting are as described in "(ii) Background to the Review and Negotiations and Determinations" under "(IV) Decision-Making Process Leading to and Reasons for the Company's Opinion in Favor of the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer" above.

(5) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

According to the Tender Offeror, as described in "(1) Outline of the Tender Offer" above, if the Tender Offeror is unable to acquire all of the Company Shares through the Tender Offer (excluding the treasury shares owned by the Company and the Non-Tendered Shares), the Tender Offeror intends to request the Company to implement the Squeeze-Out Procedures by the following method promptly after the completion of the settlement of the Tender Offer to make the shareholders of the Company consist only of the Tender Offeror and Sumitomo Electric Industries and to delist the Company Shares.

Specifically, the Tender Offeror intends to request that the Company, promptly after the completion of the settlement of the Tender Offer, convene an extraordinary general meeting of shareholders (the "Extraordinary Shareholders Meeting") that will include on its agenda a proposal for the Share Consolidation under Article 180 of the Companies Act and a partial amendment to the Articles of Incorporation to abolish the provision regarding the number of shares per unit, subject to the Share Consolidation taking effect. The Tender Offeror and Sumitomo Electric Industries intend to approve each of those proposals at the Extraordinary Shareholders Meeting. As of the submission date of this Statement, the Extraordinary Shareholders Meeting is scheduled to be held around early February 2026.

According to the Tender Offeror, if the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, the shareholders of the Company will own the number of the Company Shares corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting on the date on which the Share Consolidation takes effect. If the Share Consolidation results in any fractional shares of less than one whole share, cash will be delivered to each shareholder of the Company that holds those fractional shares in accordance with the procedures prescribed in Article 235 of the Companies Act and other applicable laws and regulations through the sale of the total number of those fractional shares (rounding down any fraction of less than one share in the total number, hereinafter the same) corresponding to those fractions to the Company or the Tender Offeror.

According to the Tender Offeror, the Tender Offeror intends to request the Company to file a petition with the court for permission for a sale by private contract after calculating the sale price of the Company Shares corresponding to the total number of those fractional shares so that the amount of cash to be delivered to each shareholder of the Company that did not tender its shares in the Tender Offer (excluding the Tender Offer-Related Parties) as a result of that sale will be equal to the Tender Offer Price multiplied by the number of Company Shares held by that shareholder. Further, although the share consolidation ratio of the Company Shares has not yet been determined as of the submission date of this Statement, the Tender Offeror intends to request that the Company determine that ratio so that the number of Company Shares held by the shareholders of the Company that did not tender their shares in the Tender Offer (excluding the Tender Offer-Related Parties) will result in fractional shares of less than one share so that the Tender Offeror and Sumitomo Electric Industries hold all of the Company Shares (excluding the treasury shares held by the Company).

According to the Tender Offeror, if, after the Settlement Commencement Date, there exists, or it is expected immediately prior to the effective date of the Share Consolidation that there will exist any shareholders (excluding Sumitomo Electric Industries) that holds a number of Company Shares equal to or greater than the number of Company Shares held by the Tender Offeror (the "Majority Shareholder"), then, following the implementation of the Share Consolidation, the Tender Offeror intends to implement measures as promptly as practicable to ensure that the number of Company Shares held by the Tender Offeror exceeds the number of Company Shares held by such shareholders (the details of such measures will be discussed and determined in good faith among the Tender Offeror, Sumitomo Electric Industries and the Company) so that the Tender Offeror and Sumitomo Electric Industries hold all of the Company Shares (excluding the treasury shares held by the Company).

According to the Tender Offeror, with respect to the protection of the rights of minority shareholders in connection with the share consolidations, the Companies Act provides that if any fractions of less than one share arise as a result of the Share Consolidation, the shareholders of the Company that did not tender their shares in the Tender Offer (excluding the Tender Offer-Related Parties) may, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, request that the Company purchase all of their fractional shares at a fair price and may also file a petition with the court for a determination of the price of the Company Shares.

As stated above, according to the Tender Offeror, in the Share Consolidation, it is expected that the number of the Company Shares held by the shareholders of the Company that did not tender their shares in the Tender Offer (excluding the Tender Offer-Related Parties) will result in fractional shares of less than one full share, so it is expected the shareholders of the Company that oppose the Share Consolidation (excluding the Tender Offer-Related Parties) will be able to file the above petition. Further, if such a petition is filed, the purchase price of the Company Shares will ultimately be determined by the court.

According to the Tender Offeror, the method and timing of the procedures described above might change depending on factors such as amendments to relevant laws and regulations, their enforcement, or their interpretation by authorities. However, even in that case, it is intended that a method will be used whereby each shareholder of the Company that has not tendered its shares in the Tender Offer (excluding the Tender Offer-Related Parties) will ultimately receive cash consideration equal to the number of Company Shares held by that shareholder multiplied by the Tender Offer Price in exchange for its shares.

Specific procedures and the schedule thereof in each case above will be announced promptly by the Company once they are determined through mutual discussions between the Tender Offeror and the Company.

The Tender Offer is not intended to solicit the affirmative vote by the shareholders of the Company at the Extraordinary Shareholders Meeting. The shareholders of the Company should consult with tax accountants or other professionals at their own responsibility regarding the tax implications of tendering their shares in the Tender Offer or any of the procedures above.

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

As of today, the Tender Offeror does not hold the Company Shares, and the Tender Offer, hence, does not constitute a tender offer by the controlling shareholder. In addition, it is not contemplated that all or some of the management executives of the Company will directly or indirectly provide funds to the Tender Offeror and the Transaction including the Tender Offer, hence, does not constitute a management buyout (MBO).

Nevertheless, considering that (i) the Tender Offeror and Sumitomo Electric Industries, the Company's parent company and largest shareholder, plan to enter into the Transaction-Related Agreements that prescribes that Sumitomo Electric Industries will not tender the Non-Tendered Shares it owns in the Tender Offer, the Tender Offeror and Sumitomo Electric Industries will exercise their voting rights in favor of the proposals to be submitted to the shareholders' meeting of the Company that is necessary for the implementation of the Share Consolidation, and Sumitomo Electric Industries will sell the Non-Tendered Shares in connection with the Treasury Share Acquisition, and that the interests of Sumitomo Electric Industries, the Company's parent company and largest shareholder holding 17,828,151 shares (shareholding ratio: 50.66%) of the Company Shares may not necessarily align with those of the Company's minority shareholders given that the Tender Offeror, the Company and Sumitomo Electric Industries plan to enter into the Business Alliance Agreement, (ii) the Tender Offer is to be implemented as part of the Transaction, which is premised on making the Company a wholly owned subsidiary, and (iii) three of the Company's directors (Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada) are former employees of Sumitomo Electric Industries, the Tender Offeror and the Company have implemented the following measures from the perspective of ensuring the fairness of the Transaction, eliminating arbitrariness in the decision-making process regarding the Transaction, ensuring the fairness, transparency and objectivity of the Company's decision-making, and avoiding any suspicion of conflict of interest.

As of Today, Sumitomo Electric Industries holds 17,828,151 shares (shareholding ratio: 50.66%) of the Company Shares. The Tender Offeror considers that setting a minimum number of shares to be purchased in the Tender Offer corresponding to the so-called Majority of Minority could make the success of the Tender Offer uncertain and might, conversely, not serve the interests of the Company's minority shareholders who wish to sell their shares through the Tender Offer. Therefore, the Tender Offeror has not established a minimum number of shares to be purchased in the Tender Offer corresponding to the Majority of

Minority. Nevertheless, given that the Tender Offeror and the Company have implemented the measures described below, the Tender Offeror believes that sufficient consideration has been given to the interests of the Company's minority shareholders.

The descriptions below regarding the measures taken by the Tender Offeror are based on the explanations provided by the Tender Offeror.

(I) Procurement by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Appraiser

According to the Tender Offeror, in determining the Tender Offer Price, the Tender Offeror requested Mizuho Securities, a financial advisor and third-party appraiser independent of the Tender Offer-Related Parties, to calculate the value of the Company Shares. Mizuho securities is not a related party of the Tender Offer-Related Parties and has no material interest in the Tender Offer. The Tender Offeror has not procured a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities as it believes that sufficient consideration has been given to the interests of the Company's minority shareholders based on a comprehensive assessment of the various factors described in "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest."

For an overview of the Share Valuation Report (Mizuho Securities) obtained by the Tender Offeror from Mizuho Securities, please see "(III) Procurement by the Tender Offeror of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters Concerning Valuation" above.

(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee

(i) Background of Establishment of the Committee

Prior to the Company's board of directors deliberating and voting on whether or not to proceed with the Transaction, in order to eliminate the arbitrariness of the decision-making for the Transaction at the Company, which is a listed company, and to establish the fairness, transparency, and objectivity of the decision-making process of the Company, by resolution of the board of directors meeting held on July 22, 2025, the Company established the Special Committee consisting of four members, namely, Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, and Mr. Hirofumi Yasuhara (Company's independent outside directors) and Mr. Takuma Usui (Company's independent outside audit & supervisory board member). The Company appointed these four persons as members of the Special Committee from the beginning of its establishment so that the composition of the Special Committee as a whole would ensure a balance of knowledge, experience and ability, and the Company has not changed the members of the Special Committee. Further, in selecting the members of the Special Committee, the Company has confirmed that Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, Mr. Hirofumi Yasuhara and Mr. Takuma Usui do not have any material interests in any of the Tender Offeror-Related Parties. In addition, Mr. Rikiya Hattori, an independent outside director of the Company, has been appointed as the chair of the Special Committee by mutual election of the members of the Special Committee.

The compensation of the members of the Special Committee is a fixed amount and does not include a performance fee that are contingent upon the announcement or consummation of the Transaction, including the Tender Offer.

In addition, as stated in "(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework" under "(IV) Decision-Making Process and Reasons Leading to the Company to Support the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer," the Company requested the Special Committee to consult on the Consultation Matters. Furthermore, the Company's board of directors has resolved to grant the following authorities to the Special Committee: (i) the authority to substantially participate in the negotiation process, and, as necessary, conduct negotiations directly by itself, regarding the terms and conditions of the Transaction and other matters by confirming the policy in advance, receiving reports on the status of the negotiation in a timely manner, expressing opinions, and providing instructions and making requests; (ii) the authority to appoint its own financial advisors, third-party appraisers and legal advisors and to seek their advice at the expense of the Company when the Special Committee deems it necessary; (iii) the authority to approve (including ex-post facto approval) the financial advisors, third-party appraisers and legal advisors appointed by the Company; (iv) the authority to seek professional advice from the financial

advisors, third-party appraisers and legal advisors appointed by the Company; and (v) the authority to receive information necessary for the consideration and judgment of the Transaction from the Company's officers and employees (including the authority to request the attendance of persons deemed necessary by the Special Committee at the meetings of the Special Committee and to request explanations about necessary information). In addition, in consulting with the Special Committee, the decision-making of the Company's board of directors regarding the Transaction shall be made with the utmost respect for the judgment of the Special Committee, and if the Special Committee determines that the purpose of the Transaction is not reasonable or the terms and conditions of the Transaction are not appropriate, the Company's board of directors has resolved not to approve the implementation of the Transaction. Based on the authority stated in (ii) above, on September 17, 2025, the Special Committee decided to appoint Mitsubishi UFJ Morgan Stanley Securities, Inc., a financial advisor and third-party appraiser independent of either the Tender Offer Related-Parties or the success or failure of the Transaction, as its own financial advisor and third-party appraiser.

(ii) Background of Examination

The Special Committee met a total of 20 times between July 22, 2025 and October 29 of the same year, for a total of approximately 30 hours, discussing and considering the Consultation Matters, as well as exchanging opinions via e-mail and other means among the members of the Special Committee as needed between meetings.

Specifically, the Special Committee has confirmed that Nomura Securities, which is the Company's financial advisor, and Anderson Mori & Tomotsune, which is the Company's legal advisor, are not related parties of the Tender Offer-Related Parties, and do not have any material interests in the Transaction, including the Tender Offer, and do not have any other problem regarding the independence and expertise in connection with the Transaction, and then, the Special Committee approved their appointment, and the Special Committee has confirmed that the committee may also receive expert advice as necessary.

Furthermore, the Special Committee approved the internal system established by the Company to consider the Transaction (including the scope and duties of the officers and employees of the Company who will be involved in the consideration, negotiation and judgment concerning the Transaction) after confirming that there was no problem from the viewpoint of independence.

During the course of negotiations on the Transaction, the Special Committee conducted interviews with the Tender Offeror regarding the background, purpose and significance of the Transaction, the structure and terms of the Transaction, and the management structure, management policy and employee treatment after the Transaction. The Special Committee also conducted interviews with Sumitomo Electric Industries, which is the Company's parent company, regarding such matters as the Company's business environment, management challenges, the background of the Transaction, the creation of effects that will enhance corporate value through the Transaction, the impact on the Company's business, and the relationship with the Company after the Transaction. In addition, the Special Committee confirmed with the Company the Company's opinion regarding the Company's business environment, management challenges, and the background, purpose and significance of the Transaction, based on the contents of the proposal by the Tender Offeror regarding the Transaction.

In addition, the Special Committee received an explanation of the Business Plan from the Company and conducted a question-and-answer session to confirm the reasonableness of the Business Plan. Furthermore, the Special Committee received explanations on the calculation method and results of the share valuation of the Company Shares from Nomura Securities, the Company's financial advisor and third-party appraiser, and MUFG Morgan Stanley Securities, the Special Committee's financial advisor and third-party appraiser, and conducted a question-and-answer session, deliberation and consideration to confirm the reasonableness thereof. In addition, the Special Committee received an explanation from Anderson Mori & Tomotsune, the Company's legal advisor, regarding the legal considerations in making a decision on the Transaction, including the Tender Offer, in the Company, and considered the same.

Furthermore, the Special Committee is substantially involved in the negotiation process regarding the terms and conditions of the Transaction, including the Tender Offer Price, by, for example, deliberating and considering negotiations with the Tender Offeror based also on reports received from the Company and Nomura Securities from time to time,

expressing its opinion on the terms and conditions of the Tender Offer and matters that should be discussed with the Tender Offeror in order to achieve the significance and purpose of the Transaction for the Company, and sending documents directly from the Special Committee to the Tender Offeror.

(iii) Determinations

Under the circumstances set forth above, the Special Committee has carefully examined and discussed the Consultation Matters, and as a result, submitted the Advisory Report to the Company's board of directors as of today with the unanimous consent of all members, containing the following provisions:

(A) Contents of Advisory Report

- (a) It is considered that the Transaction will contribute to the enhancement of the corporate value of the Company and the purpose of the Transaction is reasonable;
- (b) It is considered that the fairness and reasonableness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) are ensured;
- (c) It is considered that the fairness of the procedures related to the Transaction is ensured;
- (d) It is considered that, based on (a) through (c) above, the decision by the Company's board of directors to proceed with the Transaction is not considered disadvantageous to the Company's minority shareholders; and
- (e) The Company's Board of Directors expressing its opinion in favor of the Tender Offer and recommending that the Company's shareholders tender their shares in the Tender Offer is considered reasonable.

(B) Reasons for Advisory Report

(A) Enhancement of Corporate Value and Reasonableness of Purpose

As a basis, the Special Committee has heard from the Company that concerns should arise, primarily including the following, if the Transaction were to be implemented: (i) Sumitomo Electric Industries and the Company maintain significant Collaborative Relationships. If the capital relationship between the Company and Sumitomo Electric Industries is dissolved and the Company ceases to be a member of Sumitomo Electric Industries Group, and the existing Collaborative Relationships between Sumitomo Electric Industries and the Company are not maintained or continued, there would be an adverse effect on the business operations and corporate value of the Company; (ii) if the Company becomes a member of the Tender Offeror Group, the Company would be compelled to prioritize the projects of the Tender Offeror Group, and as a result, the Company will lose opportunities to receive orders from existing customers such as general contractors outside the Tender Offeror Group, and consequently, there is a risk that the Company would be unable to maintain the construction technology that it has developed through diverse projects across various fields; and (iii) the Company will cease to be a listed company, and will no longer be able to use the trade name bearing the "Sumitomo" name and need to change its name since it will cease to be a member of Sumitomo Electric Industries Group. This could impact the name recognition, social credibility, and ability to secure talent that the Company has enjoyed as a listed company. It could also affect the motivation of those within the Company Group who aspire to work for a listed company or who take pride in the Company's trade name and brand. Since the Company is recognized to have reasonable cause for concern, the Special Committee conducted multiple interviews with Sumitomo Electric Industries to review the possibility of options other than the Transaction, including maintaining the listing of the Company, and confirmed the background leading to Sumitomo Electric Industries' commencing consideration of the Transaction and its policy on holding the Company Shares. As a result, (i) the Special Committee have been informed that Sumitomo Electric Industries intends to sell all of its Company Shares, (ii) Sumitomo Electric Industries reached the conclusion that it would be difficult for the Company to buy back shares and then maintain the listing, and (iii) as a result of reviewing multiple proposals made by Sumitomo Electric Industries, the Special Committee determined the Transaction by the Tender Offeror would contribute to further enhancing the corporate value of the Company Group and decided to hold discussions and negotiations with the Tender Offeror, and accordingly proceeded to consider whether or not to conduct the Transaction by the Tender

Offeror, taking the dissolution of the capital relationship between the Company and Sumitomo Electric Industries as a given.

Under the foregoing circumstances, the Special Committee examined whether the Transaction will contribute to the enhancement of the corporate value of the Company and whether the purpose of the Transaction is reasonable, taking into account the Company's recognition of the business environment and management challenges as well as synergies and other effects of the Transaction. As a result, the Special Committee came into a conclusion that it can be said that the synergies assumed from the Transaction are reasonable and that the implementation of the Transaction is expected to contribute to the resolution of management challenges recognized by the Company (i.e., securing of construction capabilities and securing of human resources therefor) to a certain extent, and the dyssynergies assumed from the Transaction do not go so far as to deny the reasonableness of the purpose of the Transaction. Therefore, the Special Committee came into a conclusion that the Transaction will contribute to the enhancement of the corporate value of the Company and that the purpose of the Transaction is reasonable.

- Regarding the business environment surrounding the Company Group, the Company anticipates steady private sector capital investment, driven by the further expansion of the data center market due to the advancement of the digital society, redevelopment in major metropolitan areas, and increased hotel demand stemming from the recovery and growth of inbound demand. The Company also anticipates increased demand for trunk line renewal and reinforcement work to accommodate the expansion of renewable energy and the resulting increase in storage batteries and power transmission volume. However, the current environment remains uncertain, with factors such as rising labor costs and equipment prices, trade friction triggered by U.S. tariff policies, and global economic stagnation. The Company recognizes the need to closely monitor future social conditions and market trends. The Company's management challenges are to secure sufficient construction capabilities and human resources. To secure human resources, the Company is taking various measures ahead of other companies in the same industry in recruiting new graduates and career professionals. There are no points with regard to the Company's recognition of the business environment and management challenges described above that are inconsistent or clearly contrary to the objective facts. Therefore, in general terms, the Company's implementation of measures to contribute to securing construction capabilities and human resources, which have been undertaken by the Company, as part of its strategy for resolving the above-mentioned management challenges and for realizing the management challenges, will contribute to the enhancement of the corporate value of the Company.
- The specific synergies that the Tender Offeror expects under the Transaction include expansion of the electrical construction business and the information and communications business, which are key focus areas and further growth of overseas operations, primarily in Southeast Asia. Furthermore, the specific synergies that the Company considers to be feasible under the Transaction include acquisition of Tender Offeror Group development contracts and accumulation of construction track record and technical know-how, business growth and stability through orders for projects undertaken by the Tender Offeror Group, and acquisition of overseas projects primarily in Southeast Asia. The above-mentioned expected synergies are consistent with each other and clearly contrary to objective facts and are considered to be reasonable.
- In the three major concerns assumed as dyssynergies from the Transaction, (i) with respect to the concerns regarding the maintenance and continuation of the Collaborative Relationships with Sumitomo Electric Industries, in the Business Alliance Agreement, the parties would agree to maintain the Collaborative Relationships between the Company and Sumitomo Electric Industries in the same manner as before the implementation of the Transaction for the purpose of developing the business alliance relationship between the Company, Sumitomo Electric Industries, and the Tender Offeror, including the consideration of new collaborations, after the Transaction. Therefore, the Special Committee believes that the existing Collaborative Relationships between the Company and Sumitomo Electric Industries will be maintained and continued after the Transaction through the Business Alliance Agreement. With respect to (ii) the concerns regarding the discretion to make decisions on whether to accept projects and the maintenance of construction technology, the

Tender Offeror Group is a conglomerate of comprehensive developers, construction companies, and housing manufacturers and thus act both as a project owner and contractor in the course of business. The Tender Offeror Group maintains good relationships with general contractors outside the Tender Offeror Group. The Special Committee confirmed that (1) the Tender Offeror will respect the independence of the Company and preserve the Company's managerial autonomy, (2) decisions on whether to accept projects will remain within the Company's discretion, (3) orders from the Tender Offeror Group will be subject to close consultation from the planning stage, and (4) the Tender Offeror believes that by proactively maintaining and expanding business with customers outside the Tender Offeror Group, including existing customers, the construction technology of the Company will be maintained and enhanced, thereby contributing to the improvement in the corporate value of the Tender Offeror Group as a whole. Therefore, the Special Committee believes that the impact of such concerns will be limited. With respect to (iii) the concerns regarding delisting and trade name change, the Special Committee confirmed that although the Tender Offeror Group does not conduct group-wide hiring and that recruitment is handled on a company-by-company basis, the Tender Offeror Group enjoys strong nationwide name recognition, brand strength and corresponding recruitment power, and has built up sufficient credibility over many years as a listed company. The Special Committee also confirmed that the Tender Offeror is considering various forms of auxiliary support to help development since securing technical personnel is indispensable and critical to the Company's growth. Therefore, the Special Committee believes that the Company's concerns can be complemented. In light of the above, it cannot be said that the possibility of actual occurrence of the dyssynergies mentioned in (i) through (iii) above is high, and it is considered that even if they occur, the impact of such dyssynergies on the Company's business would be limited. Therefore, the Special Committee believes that the dyssynergies assumed from the Transaction do not deny the reasonableness of the purpose of the Transaction.

(B) Fairness and Reasonableness of the Terms of the Transaction

Considering the following points, the reasonableness of the Tender Offer Price is confirmed, based on the Share Valuation Report (Nomura Securities), the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the Fairness Opinion, and assuming that the negotiation status, scheme, and other factors of the Transaction are reasonable. Also, the fairness and reasonableness of the terms of the Transaction (including the manner in which the Transaction will be implemented and the purchase price in the Tender Offer) are confirmed to be secured since it is ensured that the consideration received by the general shareholders will be the same as the Tender Offer Price per Company Share, regardless of whether the consideration is received by the general shareholders through the Tender Offer or the Squeeze-Out Procedures.

- The Special Committee, taking advice from Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities, conducted negotiations with the Tender Offeror based on the initial offer price (8,287 yen per share) by the Tender Offeror and the tentative share valuation results by Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities. As a result, the Special Committee obtained proposals to increase the Tender Offer Price five times and the Tender Offer Price (9,760 yen per share) has been finally agreed upon. As such, the final Tender Offer Price represents a considerable increase from the price initially offered by the Tender Offeror and it can be recognized that the Company and the Special Committee negotiated with the aim of conducting the Transaction on transaction terms as favorable as possible to general shareholders. Based on the above, it can be inferred that the agreement on the Tender Offer Price for the Transaction was reached by the Company, the Special Committee, and the Tender Offeror as a result of negotiations that are substantially equivalent to arm's-length negotiations and are based on objective and consistent discussions, and there are no circumstances that would make doubtful the transparency and fairness of the agreement process.
- The Business Plan is prepared on a standalone basis, not assuming implementation of the Transaction, and has been prepared based on the financial forecasts for the period from the fiscal year ending March 2026 to the fiscal year ending March 2029, which are presented in the Company's Medium-Term Management Plan, published on

May 9, 2025, prior to the receipt of the Initial Letter of Intent dated June 30, 2025, and the figures published in the Medium-Term Management Plan have not been revised. No fact exists that the Tender Offeror or Sumitomo Electric Industries or their relevant parties were involved in or had an influence on the preparation of the Business Plan. No fact exists that the Business Plan was prepared or amended on instruction of or in response to the intent of the Tender Offeror. Although detailed explanation concerning the grounds, etc. for the Business Plan and a question-and-answer session were held by the Company, no circumstance that requires amendment of the Business Plan or any other circumstance that raises doubts regarding the reasonableness of the Business Plan was found. From the foregoing, the preparation of the Business Plan had been proceeding even before the possibility of the Transaction was specifically recognized in the Company, and there is no fact that pressure from the Tender Offeror and Sumitomo Electric Industries or their related parties was involved in the preparation process of the Business Plan, and there is no point that the contents of the Business Plan are unreasonable forecasts. The Special Committee was also explained by the Company that the financial results of the Company for the period from April 1, 2025 to September 30, 2025 (interim consolidated accounting period) are expected to exceed the most recently disclosed consolidated financial earnings forecasts for the second quarter (interim period) of the fiscal year ending March 2026, and there is a possibility that an upward revision to the full-year consolidated earnings forecasts for the fiscal year ending March 2026 may be necessary, and the revision of the consolidated earnings forecasts for the second quarter and the full year of the fiscal year ending March 2026 is due mainly to the improvement in profitability of the ongoing projects in the fiscal year ending March 2026 and therefore, there is no need to make any revision to the business plans for the following years, and that the share value of Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities was calculated using the figures for the fiscal year ending March 2026 which take the revision of the earnings forecasts into account, and the Special Committee confirmed that there was no unreasonable point in the Company's explanation that there was no need to revise the Business Plan.

- With respect to the Share Valuation Report (Nomura Securities), prepared by Nomura Securities, according to interviews with Nomura Securities, the valuation technique adopted by Nomura Securities is a corporate value valuation technique based on a going concern assumption, and specifically, Nomura Securities adopted the average market share price method, the comparable company method, and the DCF method. The combination of valuation techniques that grasp the valuation upper limit by the DCF method, which incorporates the present value of future cash flows into the valuation based on the market price, is in line with the standard approach for corporate valuation and appropriate. With respect to the average market share price method, the stock price valuation period used in Nomura Securities' calculation is appropriate. The price range calculated by the average market share price method is deemed to be sufficiently reasonable, judging from the fact that there have been no significant fluctuations that seem to be due to special factors and there have been no particularly unusual movements in the stock price of the Company. With respect to the comparable company method, Nomura Securities provided an explanation that comparable listed companies were selected based on the Company's recognition and the market's assessment, and there were no particularly unreasonable points in such explanation, and the price range calculated based on each multiple of comparable listed companies of the Company is deemed to be sufficiently reasonable. With respect to the DCF method, Nomura Securities uses the perpetual growth rate method and the multiple method. With respect to the various calculation bases used in the DCF method, no particularly noteworthy arbitrary numerical manipulation or unreasonable assumptions were found. Therefore, there was no unreasonable point in respect of the choice between the average market share price method, the comparable company method and the DCF method (the perpetual growth rate method and the multiple method), and in respect of the calculation methods and basis for each of them. Therefore, the Special Committee believes that it may rely on the Share Valuation Report (Nomura Securities), prepared by Nomura Securities, in considering the share value of the Company Shares. Further, with respect to the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), prepared by Mitsubishi UFJ Morgan Stanley Securities, according to interviews with Mitsubishi UFJ Morgan Stanley Securities, the valuation technique adopted by Mitsubishi

UFJ Morgan Stanley Securities is a corporate value valuation technique based on a going concern assumption, and specifically, Mitsubishi UFJ Morgan Stanley Securities adopted the market price standard method, the comparable company method, and the DCF method. The combination of valuation techniques that grasp the valuation upper limit by the DCF method, which incorporates the present value of future cash flows into the valuation based on the market price, is in line with the standard approach for corporate valuation and appropriate. With respect to the market price standard method, the stock price valuation period used in Mitsubishi UFJ Morgan Stanley Securities' calculation is appropriate, and the price range calculated by the market price standard method is deemed to be sufficiently reasonable, judging from the fact that there have been no significant fluctuations that seem to be due to special factors and there have been no particularly unusual movements in the stock price of the Company. With respect to the comparable company method, Mitsubishi UFJ Morgan Stanley Securities provided an explanation that comparable listed companies were narrowed down based on data from information vendors as well as financial data and business contents of each company and were selected based on similarity in customer base and growth potential, market evaluation and other factors, and there were no particularly unreasonable points in such explanation. The price range calculated based on each multiple of comparable listed companies of the Company is deemed to be sufficiently reasonable. With respect to the DCF method, although Mitsubishi UFJ Morgan Stanley Securities uses the multiple method, there were no particularly noteworthy arbitrary numerical manipulations or unreasonable assumptions with respect to the calculation bases used in the DCF method, and Mitsubishi UFJ Morgan Stanley Securities does not use the perpetual growth rate method for the DCF method, and the Special Committee was provided with an explanation from Mitsubishi UFJ Morgan Stanley Securities that it generally does not use the perpetual growth rate method as part of its policies because it is practically difficult to determine the perpetual growth rate based on specific grounds. There was nothing particularly unreasonable in such explanation, and the Special Committee concludes that it is not particularly unreasonable that the perpetual growth rate method was not used. Therefore, there was no unreasonable point in respect of the choice between the market price standard method, the comparable company method and the DCF method (the multiple method), and in respect of the calculation methods and basis for each of them. Therefore, the Special Committee believes that it may rely on the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), prepared by Mitsubishi UFJ Morgan Stanley Securities, in considering the share value of the Company Shares. Based on the above, the Tender Offer Price, i.e., 9,760 yen per share, is above both the upper valuation range under the average market share price method, the comparable company method and the DCF method in the Share Valuation Report (Nomura Securities) and the upper valuation range under the market price standard method, the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the share value per share, which is calculated by dividing, by the Reference Number of Shares, the total share value of the Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares), is above the range of the valuation results by the average market share price method and the comparable company method in the Share Valuation Report (Nomura Securities) and the range of the valuation results by the market price standard method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and is above the median of the range of the valuation results by the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities). Therefore, the Tender Offer Price is considered to be a reasonable price that secures the benefits to be enjoyed by the minority shareholders of the Company, also in light of a comparison with the share values of the Company Shares calculated by Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities.

- The premium of the Tender Offer Price is, as compared to the premium levels observed in the comparable transactions, above the median of the simple average closing price for the most recent six months up to the business day immediately preceding the date of announcement of the Tender Offer, and is lower than other

averages and medians, but the deviation from the average and median of the simple average closing price for the most recent one month, most recent three months and most recent six months up to the business day immediately preceding the date of announcement is not large. Moreover, since premium levels for individual transaction fluctuate for a variety of reasons and reliance solely on a simple comparison with such comparable transactions is not necessarily appropriate for assessing reasonableness, the Special Committee considers this premium level not to be unreasonable.

- The Special Committee has obtained the Fairness Opinion from Mitsubishi UFJ Morgan Stanley Securities, which stated its opinion that the Tender Offer Price is reasonable for the Company's shareholders from a financial perspective. There is nothing unreasonable in the issuance procedures or contents of the Fairness Opinion, which further supports the fairness and reasonableness of the Tender Offer Price.
- The method of the Transaction is generally adopted for going-private transactions of this nature, and in the case of a share consolidation which is expected as a second step, it is possible to file a petition with the court for the determination of the price after exercising the right to demand share purchase. In addition, since the consideration to be received by the shareholders is cash, the method of the Transaction is desirable in terms of the simplicity of understanding of the consideration and the high stability and objectivity of the value thereof, and is more desirable than organizational restructuring such as share exchange, in particular, in consideration of the Shares, in terms of being able to achieve both the requirement of swiftly making the Company a wholly-owned subsidiary and the securing of opportunity and time for general shareholders, etc. to make appropriate decisions based on sufficient information. Based on the above, it is reasonable to adopt a two-step takeover involving a tender offer as the method of acquisition and cash consideration for the acquisition. Furthermore, according to the Tender Offeror, in the Transaction, after the Squeeze-Out Procedures become effective, the Company is expected to acquire all of the Company Shares held by Sumitomo Electric Industries through the Share Buy Back, and Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed in the Corporation Tax Act, and taking this into account, the maximization of the Tender Offer Price has been ensured by allocating a greater distribution to the minority shareholders of the Company. There is nothing unreasonable in the Tender Offeror's explanation, and since the Company intends to maximize the Tender Offer Price through the combination of the Share Buy Back, it is reasonable to adopt the scheme of the Share Buy Back.

(C) Fairness of the Procedures

Taking the following points into account, with regard to the Transaction, (i) in the process of formulating the transaction terms, a situation that can be said to be substantially arm's length transaction is secured, and (ii) substantial fairness ensuring measures have been adopted and effectively operated in terms of securing opportunities for general shareholders to make appropriate decisions based on sufficient information. Taken as a whole, the fairness ensuring measures adopted can be evaluated as the procedures sufficient to ensure the fairness of the transaction terms. In conclusion, it can be recognized that sufficient consideration has been given to the interests of the shareholders of the Company through fair procedures in the Transaction.

- (1) The Special Committee was established as soon as practicable after the takeover offer was received from the offeror; (2) the members of the Special Committee consist of four members, including three independent outside directors and one independent outside audit & supervisory board member, and it is confirmed that each member is independent of the Tender Offeror, Sumitomo Electric Industries and the success or failure of the Transaction; (3) the Special Committee is authorized to negotiate in relation to the transaction terms of the Transaction and conducts negotiations directly by itself, and is authorized to substantially participate in the negotiation process in relation to the transaction terms of the Transaction by receiving reports on the situation in a timely manner, stating its opinions at important points and giving instructions and requests and so forth, and thereby ensuring a situation where the Special Committee can substantially influence the negotiation process in relation to the transaction terms; (4) the Special Committee has confirmed that it seeks professional advice or explanations

from Nomura Securities as the Company's financial advisor and third-party appraiser and Anderson Mori & Tomotsune as the Company's legal advisor, after confirming that there is no problem in their independence, and pursuant to the authority granted to the Special Committee, the Special Committee has appointed Mitsubishi UFJ Morgan Stanley Securities as its own financial advisor and third-party appraiser after confirming that there is no problem in their independence, and has requested Mitsubishi UFJ Morgan Stanley Securities to express its opinion on the valuation of the shares of the Company and the fairness of the Tender Offer Price from a financial perspective; (5) the Special Committee has sent its questions to the Tender Offeror and Sumitomo Electric Industries and obtained their answers, received explanations from the executives of the Company and obtained information necessary for its consideration and judgment; (6) the compensation of the members of the Special Committee is a fixed amount and no incentive fees are adopted; (7) the Company's board of directors has resolved that any decision made by the Company's board of directors with respect to the Transaction shall be made with the utmost respect for the determinations of the Special Committee, and if the Special Committee determines that the purpose of the Transaction is unreasonable or that the transaction terms are inappropriate, the implementation of the Transaction shall not be approved, it is considered that the Special Committee is effectively functioning as a fairness ensuring measure.

- (i) After receiving the Initial Letter of Intent from the Tender Offeror on June 30, 2025, the Company established a project team to consider the Transaction (including preparation of the Business Plan) and to conduct discussions and negotiations with the Tender Offeror. The project team do not include officers and employees of the Company who are also officers and employees of Sumitomo Electric Industries or officers and employees of the Company who are former employees of Sumitomo Electric Industries (including Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, who are also directors of the Company). (ii) At the board of directors meeting held today, the six directors of the Company who participated in deliberation and resolution, excluding Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, are expected to unanimously resolve to express their opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer, and all of the five audit & supervisory board members (of which three outside audit & supervisory board members) present at such board of directors meeting are expected to state the opinion that they had no objection to such resolution. (iii) Mr. Makoto Tani, Mr. Tetsunari Shimada, and Mr. Kenichi Shimada are alumni of Sumitomo Electric Industries, and, therefore, will not participate in the above-mentioned deliberations and resolutions of the board of directors in order to eliminate, as much as possible, any possibility of being affected by issues of structural conflicts of interest in the Transaction, and have not participated in any examination of the Transaction or discussions or negotiations with the Tender Offeror from the standpoint of the Company. (iv) Although it is resolved that the Company shall establish the Special Committee and obtain its opinion, it is further resolved that the Company's board of directors shall make its decision regarding the Transaction with the utmost respect for the determinations of the Special Committee and that it will not agree to the Transaction if the Special Committee determines that any transaction terms of the Transaction are unreasonable. Based on the above, arbitrariness in the Company's decision making regarding the Transaction is eliminated, and fairness, transparency and objectivity are secured in the decision making process.
- The Company appointed Anderson Mori & Tomotsune as legal advisor independent of the Company, the Tender Offeror, Sumitomo Electric Industries, and the success or failure of the Transaction, and received from said law firm advice regarding the establishment of the special committee, appointment of its members and other fairness ensuring measures.
- The Company has obtained the Share Valuation Report (Nomura Securities) from Nomura Securities, which is the third-party appraiser independent of the Company, the Tender Offeror, Sumitomo Electric Industries and the success or failure of the Transaction the Company, as materials regarding the share value of the Company Shares.
- The Special Committee has obtained the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) from Mitsubishi UFJ Morgan Stanley Securities, which is the third-party appraiser independent of the success

or failure of the Transaction, as materials regarding the share value of the Company Shares. The Special Committee has also obtained the Fairness Opinion from Mitsubishi UFJ Morgan Stanley Securities as an opinion regarding the fairness of the Tender Offer Price from a financial perspective.

- The Tender Offeror has set the Tender Offer Period at 30 business days. According to the Tender Offeror, by setting the Tender Offer Period longer than the statutory minimum period, the Tender Offeror intends to ensure the fairness of the Tender Offer by securing an opportunity for the shareholders of the Company to make an appropriate decision on whether to tender their shares in the Tender Offer and also to secure an opportunity for parties other than the Tender Offeror ("Competing Bidders") to make countervailing purchases of the Company Shares. Furthermore, since the Tender Offeror and the Company have not entered into any agreement, such as an agreement containing a transaction protection clause that prohibits the Company from contacting any Competing Bidders or otherwise restricts any such Competing Bidders from contacting the Company, a so-called indirect market check has been conducted for the Transaction by conducting M&A after creating an environment in which other potential acquirers could make counteroffers after the announcement. In addition, according to the interview with Sumitomo Electric Industries and other information, Sumitomo Electric Industries received multiple proposals for the sale of the Company Shares in addition to the proposals on the Transaction from the Tender Offeror, and has considered the acquisition from the perspective of whether it would contribute to the enhancement of the Company's corporate value, in consideration of the company's attributes, management methods and business environment, intentions and backgrounds, and then entered into discussions with the Company and the Tender Offeror. Given the situation that Sumitomo Electric Industries owns more than 50% of the Company Shares, it is difficult to acquire the Company without the cooperation and consent of that company. Given that Sumitomo Electric Industries compared proposals from multiple companies other than the Tender Offeror and selected to conduct the Transaction with the Tender Offeror, it is not unreasonable that the Company did not actively conduct market checks.
- With respect to the Transaction, the disclosure documents are expected to provide substantial information regarding the content of authority granted to the Special Committee, the background of discussions by the Special Committee, the status of involvement in the process of negotiation of the transaction terms with the Tender Offeror, the content of the Advisory Report, the compensation structure of the members of the Special Committee, the outlines of the Share Valuation Report (Nomura Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), the process leading to the implementation of the Transaction and the background of negotiations, etc., and it is considered that important judgmental materials that contribute to the judgment of the reasonableness of the transaction terms have been provided to the shareholders of the Company.
- If the Tender Offeror is unable to acquire all of the Company Shares through the Tender Offer, the Tender Offeror intends to request that the Company, promptly after the completion of the settlement of the Tender Offer, convene an extraordinary general meeting of shareholders that will include on its agenda a proposal for the Share Consolidation. Considering that, upon the Share Consolidation, the cash to be delivered to the shareholders of the Company as consideration is to be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares held by each shareholder and that the right to demand share purchase and to file a petition for a court to determine the price is secured for the shareholders of the Company who are opposed to the Tender Offer, it is deemed that consideration has been given to avoid creating coercive pressure. For the avoidance of doubt, the minimum number of shares to be purchased in the Tender Offer has not been set at a number which, together with the Company Shares held by Sumitomo Electric Industries, would ensure a number of voting rights equivalent to two-thirds of the total number of voting rights of the Company Shares. If, after the consummation of the Tender Offer, the total number of voting rights of the Company held by the Tender Offeror and Sumitomo Electric Industries falls below two-thirds of the total number of voting rights of all shareholders of the Company, it is theoretically possible that the proposal for the Share Consolidation will not be approved at an extraordinary general meeting of shareholders of the Company. However, taking into

account the ratio of exercise of voting rights at the annual general meetings of shareholders of the Company over the past five years, it is considered probable that the proposal for the Share Consolidation will be approved even if the Tender Offeror acquires in the Tender Offer the Company Shares corresponding to the minimum number of shares to be purchased, and even if the proposal for the Share Consolidation is not approved, the Tender Offeror plans to additionally acquire the Company Shares by way of on-market purchases or off-market purchases up to the level where the proposal for the Share Consolidation is realistically approved at the general shareholders meeting of the Company, and then to make the Company a wholly-owned subsidiary by way of the Share Consolidation. In this light, it is considered that consideration has been given to avoid creating coercive pressure, given that in substance the right of the shareholders of the Company who are opposed to the proposal for the Share Consolidation and the corresponding right to file a petition for a court to determine the price are secured.

- In the Tender Offer, there is no plan to set a minimum number of shares to be purchased corresponding to the so-called "Majority of Minority," but in the Transaction, while the Tender Offeror as the acquirer does not currently hold shares in the Company, with respect to the Company Shares held by the Company's parent company, Sumitomo Electric Industries, the Non-Tender Agreement will be entered into between Sumitomo Electric Industries and the Tender Offeror to the effect that Sumitomo Electric Industries will not tender its shares in the Tender Offer, and in light of the Company Shares held by Sumitomo Electric Industries, there is a concern that the establishment of the Majority of Minority terms may have an adverse effect on the Transaction, and in light of the fairness ensuring measures other than mentioned above having been taken, it is considered that a considerable degree of consideration has been given to the minority shareholders of the Company, even if the Majority of Minority terms have not been adopted.

- (D) The Special Committee considers that the matters requested to be examined in (A) through (C) above are to be taken into consideration when examining (D) above. As stated in (A) through (C) above, as a result of the examination by the Special Committee, the Special Committee does not find any problem with respect to (A) through (C) above.

Based on the above, the Special Committee renders its opinion that the decision of the Company's board of directors to conduct the Transaction (including expressing opinions regarding the Tender Offer and conducting the Share Consolidation as the Squeeze-Out Procedures after the completion of the Tender Offer) is not disadvantageous to the minority shareholders of the Company.

- (E) The Special Committee considers that, with respect to (A) through (D) above, the reasonableness of the purpose of the Transaction, the fairness and reasonableness of the terms of the Transaction and the fairness of the procedures for the Transaction are confirmed, and it is confirmed that the implementation of the Transaction is not disadvantageous to the minority shareholders of the Company, which constitute grounds for approving (E). And, as stated in (A) through (C) above, as a result of the examination by the Special Committee, the Special Committee does not find any problem with respect to (A) through (D) above.

Based on the above, the Special Committee renders its opinion that it is reasonable for Our Company Board to issue an opinion in support of the Tender Offer and to recommend that the shareholders of Our Company tender their shares in the Tender Offer.

(III) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser

As stated in "(i) Name of the Appraiser and its Relationship with the Company and the Tender Offeror" under "(I) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters concerning Valuation" above, in expressing its opinion on the Tender Offer, the Company requested Nomura Securities, which is the financial advisor and third-party appraiser independent of either the Tender Offer-

Related Parties or the success or failure of the Transaction, to conduct a valuation of the shares of the Company, and obtained the Share Valuation Report (Nomura Securities) on October 29, 2025. For an overview of the Share Valuation Report (Nomura Securities), please see "(ii) Overview of Valuation" under "(I) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters concerning Valuation" above.

Nomura Securities does not fall under the category of a related party of any of the Tender Offer-Related Parties, and does not have any material interest that should be disclosed in relation to the Tender Offer. Furthermore, the Special Committee confirmed that there were no issues with the independence and expertise of Nomura Securities at the second meeting of the Special Committee held on July 24, 2025, and approved the appointment of Nomura Securities as the financial advisor and third-party appraiser of the Company.

(IV) Procurement by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser

As stated in "(i) Name of the Appraiser and its Relationship with the Company and the Tender Offeror" under "(II) Procurement by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters concerning Valuation" above, in considering the Consultation Matters, the Special Committee requested Mitsubishi UFJ Morgan Stanley Securities, which is the financial advisor and third-party appraiser independent of any of the Tender Offer-Related Parties or the success or failure of the Transaction, to evaluate the shares of the Company and express its opinion on the reasonableness of the Tender Offer Price from a financial perspective, and obtained the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) on October 29, 2025. For an overview of the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), please see "(ii) Overview of Valuation" under "(II) Procurement by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Matters concerning Valuation" above.

Mitsubishi UFJ Morgan Stanley Securities does not fall under the category of a related party of any of the Tender Offer-Related Parties, and does not have any material interest that should be disclosed in relation to the Transaction, including the Tender Offer. Furthermore, the Special Committee confirmed that there were no issues with the independence and expertise of Mitsubishi UFJ Morgan Stanley Securities at the tenth meeting of the Special Committee held on September 17, 2025, and approved the appointment of Mitsubishi UFJ Morgan Stanley Securities as the financial advisor and third-party appraiser of the Special Committee.

(V) Advice from an Independent Law Firm Regarding the Company

In order to ensure transparency and rationality in the decision-making process of the Company's board of directors regarding the Transaction, as stated in "(IV) Decision-Making Process and Reasons Leading the Company to Support the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Company has appointed Anderson Mori & Tomotsune as a legal advisor who is independent of the Tender Offeror as well as the success or failure of the Transaction, and the Company has received necessary legal advice on the decision-making processes and methods regarding the Transaction, including the Tender Offer, as well as other points to consider when making decisions regarding the Transaction.

Anderson Mori & Tomotsune does not fall under the category of a related party of any of the Tender Offer-Related Parties and does not have any material interest that should be disclosed in relation to the Tender Offer. In addition, the Special Committee confirmed that there were no issues with the independence and expertise of Anderson Mori & Tomotsune at the second meeting of the Special Committee held on July 24, 2025, and approved the appointment of the firm as the Company's legal advisor. Anderson Mori & Tomotsune receives fees only on an hourly basis, and any incentive fees contingent on the successful closing of the Transaction do not apply.

(VI) Establishment of an Independent Examination Framework at the Company

As stated in "(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework" under "(IV) Decision-Making Process and Reasons Leading the Company to Support the Tender Offer" under "(2) Grounds

and Reasons for the Opinion on the Tender Offer" above, the Company has established a system within the Company to consider the Transaction, and conduct negotiations and making judgments regarding the Transaction from a position independent of the Tender Offeror and Sumitomo Electric Industries. Specifically, after receiving an Initial Letter of Intent from the Tender Offeror on June 30, 2025, the Company established a project team to consider the Transaction (including preparation of a business plan that provides the basis for calculating the value of the Company Shares) and to conduct discussions and negotiations with the Tender Offeror. The project team do not include officers and employees of the Company who are also officers and employees of Sumitomo Electric Industries or officers and employees of the Company who are former employees of Sumitomo Electric Industries (including Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, who are also directors of the Company).

At the second meeting of the Special Committee held on July 24, 2025, the Special Committee approved that the Company's review system, including the above (including the scope and duties of the officers and employees of the Company who are involved in the consideration, negotiation and judgment of the Transaction), poses no problem from the perspectives of independence and fairness.

(VII) Approval by All Disinterested Directors of the Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members

While taking into account the advice received by the Company from Nomura Securities and Anderson Mori & Tomotsune, the advice received by the Special Committee from Mitsubishi UFJ Morgan Stanley Securities, and the content of the Share Valuation Report (Nomura Securities), Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) and the Fairness Opinion, the Company's board of directors carefully considered and discussed whether the Transaction, including the Tender Offer, would contribute to the enhancement of the Company Group's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the maximum extent the content of the judgment of the Special Committee as indicated in the Report.

As a result, as stated in "(ii) Background to the review and negotiations and determinations" under "(IV) Decision-Making Process and Reasons Leading the Company to Support the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Company determined that the Transaction, including the Tender Offer, will contribute to the enhancement of the Company Group's corporate value, and that the Tender Offer Price is a reasonable price that will provide the Company's shareholders with a reasonable opportunity to sell their shares. At the meeting of the Company's board of directors held on the date of this press release, it resolved to express its opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer. At the above-mentioned meeting of the board of directors, all of the Company's Audit & Supervisory Board Members were present, and they all stated the opinion that they had no objection to the above-mentioned resolution.

Out of the nine directors of the Company, Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada were previously employees of Sumitomo Electric Industries, the parent company of the Company, which enters into the Transaction-Related Agreements with the Tender Offeror and the Business Alliance Agreement with the Company and the Tender Offeror. Thus, in order to eliminate, as much as possible, any possibility of being affected by issues involving structural conflicts of interest in the Transaction, at the above-mentioned board of directors meeting, after deliberation by the six directors of the Company, excluding Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada (namely, Mr. Shigehiro Kojima, Mr. Yasuharu Okino, Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, Mr. Hirofumi Yasuhara and Ms. Yumi Sano), the board of directors unanimously resolved to express their opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer. In addition, none of the six directors of the Company who participated in the above-mentioned board of directors meeting has any conflicts of interest, such as holding concurrent positions as officers of the Tender Offeror Group and Sumitomo Electric Industries.

From the perspective of avoiding any possible conflict of interest, Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada did not participate in any deliberations on the agenda regarding consideration of the Transaction at the Company's board of directors meeting, and after receiving the Initial Letter of Intent from the Tender Offeror on June 30, 2025, they did not participate in any discussions or negotiations with the Tender Offeror and Sumitomo Electric Industries

regarding the Transaction from the standpoint of the Company.

(VIII) Measures to Ensure Purchase Opportunities from Other Purchasers

The Tender Offeror has not entered into any agreement with the Company that restricts the Company from contacting persons making competing offers, including any agreement providing a transaction protection clause that forbids the Company from contacting persons making competing offers.

According to the Tender Offeror, the Tender Offeror has set the Tender Offer Period at 30 business days, which is longer than the statutory minimum period of 20 business days. By setting the Tender Offer Period longer than the statutory minimum period, the Tender Offeror intends to ensure that the shareholders of the Company have an appropriate opportunity to decide whether or not to tender their shares or rights in the Tender Offer and to ensure the appropriateness of the Tender Offer Price by ensuring an opportunity for persons other than the Tender Offeror to make competing offers with respect to the Company Shares.

4. Matters concerning Material Agreements regarding the Tender Offer

(1) Non-Tender Agreement

According to the Tender Offeror, the Tender Offeror has entered into a Non-Tender Agreement with Sumitomo Electric Industries as of today, and has agreed to the following matters in the Non-Tender Agreement. The Tender Offeror has made no agreements with Sumitomo Electric Industries concerning the Transaction, other than the Agreement Concerning Conversion into a Wholly-Owned Subsidiary as described in "(2) Agreement Concerning Conversion into a Wholly-Owned Subsidiary" below and the Business Alliance Agreement as described in "(3) Business Alliance Agreement" below, and Sumitomo Electric Industries is not expected to receive any consideration for the Non-Tendered Shares upon consummation of the Transaction, other than the consideration for the Share Buy Back.

- A. Sumitomo Electric Industries shall not tender any of the Non-Tendered Shares in the Tender Offer.
- B. If, during the period from the date of execution of the Non-Tender Agreement to the expiration date of the Tender Offer Period, any person other than Tender Offeror makes a legally binding offer (excluding any proposal of which the concreteness of such acquisition is doubtful, any proposal of which the legitimacy of the purpose thereof is doubtful, any proposal without reasonable certainty of funding for such acquisition, any proposal without reasonable probability of satisfaction of the conditions precedent for the execution of such acquisition, and any proposal of which the feasibility of such acquisition is doubtful; the "Counteroffer") regarding the transaction to acquire all of the Company Shares for a consideration equivalent to 2% or more over the Tender Offer Price (if the Tender Offer Price is increased due to any change in the terms of the Tender Offer, the Tender Offer Price after such change; hereinafter the same in this Section B) and the Share Buy Back Price (cash, shares or any other kind), Sumitomo Electric Industries may propose to the Tender Offeror for discussion regarding changes to the Tender Offer Price and the Share Buy Back Price (by way of tender offer, organizational restructuring or otherwise). In this case, (i) if the Tender Offeror does not change the Tender Offer Price to an amount not less than the acquisition price subject to the Counteroffer and the Share Buy Back Price to an amount substantially equal to or more than the acquisition price subject to the Counteroffer taking into account the tax effect by the earlier of ten business days from the date of such proposal or the day immediately before the expiration date of the Tender Offer Period, and (ii) if Sumitomo Electric Industries reasonably determines that the failure by Sumitomo Electric Industries to accept the Counteroffer may be in breach of the duty of care of a good manager by the directors of Sumitomo Electric Industries, Sumitomo Electric Industries may accept the Counteroffer with respect to all of the Non-Tendered Shares and terminate the Non-Tender Agreement.
- C. Except as provided in subsection B above, Sumitomo Electric Industries shall not, during the period from the date of the Non-Tender Agreement to the date of commencement of the settlement of the Tender Offer (the "Settlement Commencement Date"), directly or indirectly (including through the Company), engage in any transaction ("Conflicting Transaction") with any person other than the Tender Offeror that is or is reasonably likely to be materially competitive with, inconsistent with, or conflict with the Transaction or make it difficult to implement the Transaction or propose, make contact with, solicit, inform or agree to any Conflicting Transaction (provided, however, if Sumitomo Electric

Industries or the Company receives a Counteroffer (including any proposal that has an objective and reasonable likelihood of developing into a Counteroffer) from a third party, Sumitomo Electric Industries shall not be prevented from having consultations with the third party or providing information to the extent reasonably necessary to determine whether there is a possibility of the breach of the duty of care of a good manager by the directors of Sumitomo Electric Industries). If during the period from the date of the Non-Tender Agreement to the Settlement Commencement Date, Sumitomo Electric Industries becomes aware that Sumitomo Electric Industries or the Company has received a proposal, contact or solicitation for any Conflicting Transaction from any person other than the Tender Offeror, Sumitomo Electric Industries shall promptly notify the Tender Offeror thereof and of the contents of the proposal and discuss in good faith the response to the proposal.

- D. The Non-Tender Agreement shall terminate immediately if (i) the Tender Offeror lawfully withdraws the Tender Offer; (ii) the Tender Offer is commenced but is not consummated; (iii) Sumitomo Electric Industries notifies the Tender Offeror of its intention to accept the Counteroffer pursuant to B above; or (iv) the Agreement Concerning Conversion into a Wholly-Owned Subsidiary is terminated or cancelled.
- E. In addition to the above, the parties have agreed in the Non-Tender Agreement regarding the conditions precedent for the commencement of the Tender Offer by the Tender Offeror, the obligation of the Tender Offeror to implement the Tender Offer subject to the satisfaction of such conditions precedent, representations and warranties by the Tender Offeror and Sumitomo Electric Industries (Note), the obligation for Sumitomo Electric Industries not to transfer, create security rights on or otherwise dispose of the Non-Tendered Shares or acquire the Company Shares during the period from the execution date of the Non-Tender Agreement until the Settlement Commencement Date, the obligation of Sumitomo Electric Industries not to exercise its shareholder rights on the Non-Tendered Shares without the prior written consent of the Tender Offeror during the period until the Settlement Commencement Date, the obligation to indemnify if the Tender Offeror or Sumitomo Electric Industries breaches its obligations or representations and warranties under the Non-Tender Agreement, provisions regarding termination, obligations of confidentiality, and obligations not to transfer contractual status or rights and obligations.

(Note) According to the Tender Offeror, in the Non-Tender Agreement, (i) the Tender Offeror has made representations and warranties as to (1) effectiveness of existence and authority, (2) execution and performance of the Non-Tender Agreement, (3) enforceability, (4) absence of conflicts with laws and regulations, (5) obtainment and implementation of permits and licenses, (6) absence of bankruptcy proceedings, and (7) absence of relationships with antisocial forces, and (ii) Sumitomo Electric Industries has made representations and warranties as to (1) effectiveness of existence and authority, (2) execution and performance of the Non-Tender Agreement, (3) enforceability, (4) absence of conflicts with laws and regulations, (5) obtainment and implementation of permits and licenses, (6) lawful and effective ownership of the Non-Tendered Shares, (7) absence of bankruptcy proceedings, and (8) absence of relationships with antisocial forces.

(2) Agreement Concerning Conversion into a Wholly-Owned Subsidiary

According to the Tender Offeror, the Tender Offeror has entered into the Agreement Concerning Conversion into a Wholly-Owned Subsidiary with Sumitomo Electric Industries as of today. The principal provisions of the Agreement Concerning Conversion into a Wholly-Owned Subsidiary are as follows:

- A. The Tender Offeror and Sumitomo Electric Industries shall take the necessary procedures to conduct the Share Consolidation as promptly as practicable after the settlement of the Tender Offer.
- B. The Tender Offeror and Sumitomo Electric Industries shall take the necessary procedures to conduct the Funding and the Capital Reduction as promptly as practicable after the effective date of the Share Consolidation.
- C. Subject to the distributable amount necessary for the Company to implement the Share Buy Back being secured, the Tender Offeror and Sumitomo Electric Industries shall take the necessary procedures to implement the Share Buy Back as promptly as practicable after the effective date of the Share Consolidation, and Sumitomo Electric Industries shall sell all of the Non-Tendered Shares to the Company.
- D. During the period from the Settlement Commencement Date to the date of implementation of the Share Buy Back (the "Share Buy Back Date"), (i) Sumitomo Electric Industries shall not, directly or indirectly (including through the

Company), engage in any Conflicting Transaction or make any proposal, contact, solicitation, provision of information or agreement regarding any Conflicting Transaction with any person other than the Tender Offeror, and (ii) if, during the period from the Settlement Commencement Date of the Tender Offer to the Share Buy Back Date, it receives any proposal, contact or solicitation for any Conflicting Transaction from any person other than the Tender Offeror or the Company becomes aware that the Company has received any such proposal, contact or solicitation, Sumitomo Electric Industries shall promptly notify the Tender Offeror thereof and of the contents of such proposal and discuss in good faith the response to such proposal.

- E. The Agreement Concerning Conversion into a Wholly-Owned Subsidiary shall terminate immediately if the Non-Tender Agreement is cancelled or terminated.
- F. In addition to the above, the Tender Offeror and Sumitomo Electric Industries have agreed on their representations and warranties (Note), the obligation for Sumitomo Electric Industries not to transfer, create security rights on or otherwise dispose of the Non-Tendered Shares or acquire the Company Shares during the period from the Settlement Commencement Date to the Share Buy Back Date, the obligation of the Tender Offeror not to transfer, create security rights on or otherwise dispose of the Company Shares during the period from the Settlement Commencement Date to the Share Buy Back Date, the obligation of Sumitomo Electric Industries not to exercise shareholder rights on the Non-Tendered Shares without the prior written consent of the Tender Offeror during the period from the Settlement Commencement Date to the Share Buy Back Date, the obligation of the Tender Offeror to take measures as promptly as practicable to ensure that, if there exists a Majority Shareholder after the Settlement Commencement Date or it is expected that a Majority Shareholder will exist as of immediately before the Share Consolidation becomes effective, the number of the Company Shares held by the Tender Offeror will exceed the number of the Company Shares held by the Majority Shareholder, the obligation to indemnify if the Tender Offeror and Sumitomo Electric Industries fail to perform their obligations or breach their representations and warranties under the Agreement Concerning Conversion into a Wholly-Owned Subsidiary, the obligation of the Tender Offeror to indemnify when the non-tendering shareholders incur any damage arising from or in connection with the emergence of a Majority Shareholder or from receiving a third party claim in connection with the emergence of a Majority Shareholder and, termination provisions, confidentiality obligations, and obligations not to transfer contractual status or rights and obligations.

(Note) According to the Tender Offeror, in the Agreement Concerning Conversion into a Wholly-Owned Subsidiary, (i) the Tender Offeror has made representations and warranties as to (1) effectiveness of existence and authority, (2) execution and performance of the Agreement Concerning Conversion into a Wholly-Owned Subsidiary, (3) enforceability, (4) absence of conflicts with laws and regulations, (5) obtainment and implementation of permits and licenses, (6) absence of bankruptcy proceedings, and (7) absence of relationships with antisocial forces, and (ii) Sumitomo Electric Industries has made representations and warranties as to (1) effectiveness of existence and authority, (2) execution and performance of the Agreement Concerning Conversion into a Wholly-Owned Subsidiary, (3) enforceability, (4) absence of conflicts with laws and regulations, (5) obtainment and implementation of permits and licenses, (6) lawful and effective ownership of the Non-Tendered Shares, (7) absence of bankruptcy proceedings, and (8) absence of relationships with antisocial forces.

(3) Business Alliance Agreement

The Tender Offeror, Sumitomo Electric Industries and the Company have entered into the Business Alliance Agreement as of today. The purpose of the Business Alliance Agreement is to confirm that the existing Collaborative Relationships between Sumitomo Electric Industries and the Company would be maintained and continued even after the dissolution of the capital relationship between Sumitomo Electric Industries and the Company through the consummation of the Transaction, in order to prevent, to the extent commercially reasonable, hindrances to the Company's business operations caused by the dissolution of the capital relationship and to develop the business alliance relationship among the Tender Offeror, Sumitomo Electric Industries, and the Company under the new capital relationship, including the consideration of new collaborations, and thereby promoting the enhancement of the corporate value of each company. The Tender Offeror, Sumitomo Electric Industries, and the Company have agreed (i) to continue the existing Collaborative Relationships after the Transaction, including confirming

that they will continue to cooperate with each other after the Transaction and that the collaborative relationships in the power sector, business relationships (including but not limited to the power sector), and sales support and personnel exchanges (including but not limited to the power sector) between Sumitomo Electric Industries and the Company will be maintained as before the Transaction, and (ii) to commence consideration and discussion after the consummation of the Transaction regarding the collaborative construction by Sumitomo Electric Industries and the Company in the renewable energy power plant development project within the Tender Offeror Group.

In addition to the above, the parties have agreed in the Business Alliance Agreement on provisions concerning consultations between the parties, establishment of a business alliance council, cooperation in the Transaction, confidentiality, termination and cancellation of the agreement, prohibition of publication, prohibition of transfer, etc., governing law and jurisdiction, and other general provisions.

5. Description of Provision of Profit by Tender Offeror or its Special Interest Parties

Not applicable.

6. Policy to Address Basic Policy concerning Control of Company

Not applicable.

7. Inquiries to Tender Offeror

Not applicable.

8. Request for Extending Tender Offer Period

Not applicable.

9. Future Outlook

Please see "(II) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer," and "(III) Management Policy after the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer," "(4) Possibility of Delisting and Reason therefor," and "(5) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer" above.

10. Matters concerning Transactions, etc. with Controlling Shareholder

(1) Applicability of Transactions, etc. with Controlling Shareholder and Compliance with Minority Shareholder Protection Policy

The Transaction-Related Agreements have been entered into between Sumitomo Electric Industries, which is the controlling shareholder (parent company) of the Company, and the Tender Offeror, and the Tender Offer will be conducted as part of the Transaction in anticipation of the Share Buy Back after the successful completion of the Tender Offer and the Share Consolidation. Therefore, the Company has determined that the expression of opinion regarding the Tender Offer by the Company's board of directors constitutes a transaction, etc. with a controlling shareholder.

In the Corporate Governance Report, which was disclosed on June 26, 2025, the Company states, as the "policy on measures to protect minority shareholders in conducting transactions with the controlling shareholder," that "the Company receives orders for equipment work from the parent company, and in entering into such transactions, the Company makes decisions, bearing in mind that the order price will not be significantly lower than that for ordinary transactions with third parties, for example, by presenting an estimated price taking into account the profitability of the Company and determining the order price through negotiations on each occasion. (omitted) Transaction with parent companies, etc. that have a significant impact on business operations are reported to the Company's board of directors, and upon receiving such a report, the board of directors makes a judgment taking into account the above policy in consideration of the profitability of the Company."

As stated in "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" under "3. Details of, and Grounds and

Reasons for the Opinion on the Tender Offer" above, the Company has taken measures to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price, and the Company believes that these measures comply with the above-mentioned guidelines.

(2) Matters Concerning Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

Please see "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer" above.

(3) Outline of the Opinions Procured from a Person Having No Interest in the Controlling Shareholder with Respect to the Fact that the Transactions are not Disadvantageous to the Minority Shareholders

The Company has received the Report from the Special Committee as of today, to the effect that the decision to implement the Transaction is not disadvantageous to the minority shareholders of the Company. For details, please see "(iii) Determinations" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(6) Measures to Ensure the Fairness of the Transaction Including the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer" above.

11. Other

(1) Publication of "Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2026 [Japanese GAAP]"

The Company published its "Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2026 [Japanese GAAP]" as of today. For details, please refer to the content of the publication.

(2) Publication of "Notice of Revision to Annual Dividend Forecasts for the Fiscal Year Ending March 31, 2026 (No Dividend)"

At the meeting of the Company's board of directors held on the date of this press release, the Company resolved not to pay any annual dividend for the fiscal year ending March 2026, subject to the completion of the Tender Offer. For details, please refer to "Notice of Revision to Annual Dividend Forecasts for the Fiscal Year Ending March 31, 2026 (No Dividend)," which the Company published as of today.

(3) Publication of " Differences between Consolidated Financial Results Forecasts and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to Full-Year Consolidated Financial Results Forecasts"

The Company published " Differences between Consolidated Financial Results Forecasts and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to Full-Year Consolidated Financial Results Forecasts" as of today. For details, please refer to the content of the publication.

(Reference) Outline of the Purchase

Please see "Notice Regarding Commencement of the Tender Offer for Shares of Sumitomo Densetsu Co., Ltd. (Securities Code: 1949)" (as attached), which the Company published as of the date of this press release.

[Restrictions on Solicitation]

This Press Release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer for sale, etc. of their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This Press Release does not constitute, or form a part of, a solicitation of an offer to sell or an offer to purchase securities, and neither this Press Release (in whole or in part) nor its distribution will form the basis of an agreement related to the Tender Offer or be relied on in connection with the execution of such an agreement.

[Future Forecasts]

This press release may contain forward-looking statements such as "anticipates," "expects," "intends," "scheduled," "believes" and "assumes", including statements regarding future business of the Tender Offeror or other companies. These statements are based on the current business forecasts of the Tender Offeror and may change depending on future circumstances. The Tender Offeror undertakes no obligation to update any forward-looking statement in connection with this information to reflect actual results, circumstances or changes in terms.

[Restrictions in the United States]

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the laws of Japan, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. Specifically, Section 13(e) or Section 14(d) of the Securities Exchange Act of 1934 (as amended; the "Securities Exchange Act") and the rules promulgated under that Section do not apply to the Tender Offer, and the Tender Offer is not conducted in accordance with the procedures and standards thereunder. Financial information contained in this Press Release and in the reference material pertaining hereto has been prepared in accordance with Japanese accounting standards, which might be materially different from generally accepted accounting standards in the U.S. or other countries. In addition, since the Tender Offeror and the Company are corporations established outside the United States and all or some of their officers reside outside the United States, it might be difficult to exercise or assert rights based on U.S. securities laws. In addition, it might not be possible to initiate legal proceedings in courts outside the United States against a non-U.S. corporation and its officers based on violations of U.S. securities laws. Further, the jurisdiction of U.S. courts might not necessarily extend to a non-U.S. corporation or its affiliates. Also, there is no guarantee that shareholders can compel corporations established outside the United States or their affiliates to submit to the jurisdiction of U.S. courts.

The Tender Offeror and its affiliates, the financial advisors of the Tender Offeror and the Company, and the tender offer agent (including their respective affiliates) might, in the ordinary course of their business and to the extent permitted under Japanese financial instruments transaction-related laws and other applicable laws and regulations, and in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act, purchase or take actions to purchase the Company Shares or related securities of the Company for their own account or for the account of their clients outside the Tender Offer during the Tender Offer Period. Those purchases might be made at market prices through market transactions or at prices determined through negotiations outside the market. If information regarding any such purchase is disclosed in Japan, it will also be disclosed in English in the United States on the English language website of the person making that purchase or their affiliate (or by another means of disclosure).

Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted in Japanese. Although all or some of the documents relating to the Tender Offer might be prepared in English, if there is any discrepancy between the English and Japanese versions, the Japanese version will prevail.

The descriptions in this Press Release and the documents referenced in this Press Release contain "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act of 1934. Actual results might differ materially from the projections or other forward-looking statements, whether expressed or implied, due to known or unknown risks, uncertainties, or other factors. None of the Tender Offeror, the Company, or any of their affiliates guarantees that the matters expressed or implied in these "forward-looking statements" will be achieved. The forward-looking statements in this Press Release and the documents referenced in this Press Release have been prepared based on information that is available to the Tender Offeror and the Company as of today, and except where required by law, none of the Tender Offeror, the Company, or any of their affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.



October 30, 2025

To whom it may concern

Company Daiwa House Industry Co., Ltd.
Representative Keiichi Yoshii, Representative Director and
Chairman
(Securities Code 1925, Tokyo Stock Exchange, Prime Market)
Contact Yuji Yamada, Managing Executive Officer
E-mail to: dh.ir.communications@daiwahouse.jp

**Notice Regarding Commencement of the Tender Offer for Shares of Sumitomo Densetsu Co., Ltd.
(Securities Code: 1949)**

Daiwa House Industry Co., Ltd. (the “Tender Offeror”) hereby announces that it resolved at a meeting of its Board of Directors held today to acquire the common shares of Sumitomo Densetsu Co., Ltd. (securities code: 1949, listed on the Prime Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”); the “Target Company,” and the shares to be acquired, the “Target Company Shares”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the “Act”) as set forth below.

1. Purpose of the Tender Offer

(1) Outline of the Tender Offer

At the meeting of the Tender Offeror’s Board of Directors held today, the Tender Offeror resolved to conduct the Tender Offer as part of the transaction that aims to acquire all of the Target Company Shares listed on the Prime Market of the Tokyo Stock Exchange (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares (defined below)) and ultimately make the Target Company a wholly owned subsidiary (together with the execution of the Business Alliance Agreement (defined below), the “Transaction”). As of today, the Tender Offeror does not own any Target Company Shares.

At the time of the Tender Offer, the Tender Offeror entered into an agreement regarding non-tendering of shares dated today (the “Non-Tender Agreement”) and an agreement regarding the making of a wholly-owned subsidiary (the “Agreement regarding the Making of a Wholly-Owned Subsidiary,” and together with the Non-Tender Agreement, collectively, the “Transaction-Related Agreements”) with Sumitomo Electric Industries, Ltd., the parent company of the Target Company (which owns 17,828,151 shares, representing an ownership ratio (Note 1) of 50.66%; “Sumitomo Electric Industries”). Under these agreements, Sumitomo Electric Industries has agreed (i) not to tender any of the Target Company Shares it owns (the “Non-Tendered Shares”) in the Tender Offer, and (ii) as described in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below, to sell the Non-Tendered Shares to the Target Company in response to the acquisition of treasury shares to be conducted by the Target Company after the procedures to make the Tender Offeror and Sumitomo Electric Industries the sole

shareholders of the Target Company (the “Squeeze-Out Procedures”) take effect following the completion of the Tender Offer (the “Share Buy Back”), at a price per share prior to the share consolidation (defined below) pertaining to the Share Buy Back (the “Share Buy Back Price”). In addition, as of today, the Tender Offeror entered into a business alliance agreement with Sumitomo Electric Industries and the Target Company that sets forth matters such as collaboration (the “Business Alliance Agreement”). For details of the Non-Tender Agreement, the Basic Agreement, and the Business Alliance Agreement, see “(a) Non-Tender Agreement,” “(b) Agreement regarding the Making of a Wholly-Owned Subsidiary,” and “(c) Business Alliance Agreement” in “(6) Matters Related to Material Agreements Concerning the Tender Offer” below.

(Note 1) “Ownership ratio” means the percentage (rounded to two decimal places, hereinafter the same with respect to the calculation of ownership ratios) obtained by dividing the number of shares held by a shareholder by the number of shares (35,190,831 shares; the “Reference Number of Shares”) calculated by deducting the number of treasury shares held by the Target Company as of September 30, 2025 (445,048 shares) from the total number of issued shares as of that date (35,635,879 shares), as stated in the “Financial Results for the Second Quarter Ended March 31, 2026 (Japanese GAAP) (Consolidated)” (the “Target Company Second Quarter Financial Summary”) announced by the Target Company today.

In connection with the Transaction, it is expected the Tender Offeror will ultimately make the Target Company its wholly owned subsidiary through (a) the Tender Offer, (b) if the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares) through the Tender Offer, the Share Consolidation of the Target Company Shares to be conducted under Article 180 of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”) (the “Share Consolidation”) to make the Tender Offeror and Sumitomo Electric Industries the sole shareholders of the Target Company and thereby take the Target Company private, and, after the Share Consolidation becomes effective, (iii) the provision of funds from the Tender Offeror to the Target Company (the “Funding”), which is expected to be implemented through a capital increase by way of third-party allotment of non-voting class shares with the Tender Offeror as the subscriber, for the purpose of securing funds to be used for the Share Buy Back and securing a sufficient distributable amount for the execution of the Share Buy Back, as well as the reduction of the amount of stated capital and capital reserve of the Target Company under Article 447, paragraph (1) and Article 448, paragraph (1) of the Companies Act (the “Capital Reduction” (Note 2)), and (iv) the execution of the Share Buy Back by the Target Company subject to the completion of the Tender Offer and the Share Consolidation taking effect. For details on the Share Consolidation, see “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

(Note 2) In the Capital Reduction, the Target Company plans to reduce the amounts of its stated capital and capital reserve and transfer those amounts to other capital surplus.

In the Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased at 3,880,000 shares (representing an ownership ratio of 11.03%). If the total number of Share Certificates tendered in the Tender Offer (the “Tendered Share Certificates”) is less than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates. On the other hand, since the Tender Offeror intends to ultimately make the Target Company a wholly owned subsidiary by acquiring all of the

Target Company Shares in the Tender Offer (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), the Tender Offeror has not set a maximum number of shares to be purchased. If the total number of Tendered Share Certificates is equal to or greater than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will purchase all of the Tendered Share Certificates.

In cases where a tender offer is conducted for the purpose of making the target company a wholly owned subsidiary, it is sometimes considered appropriate to set, as the minimum number of shares to be purchased, a number of shares that would allow the acquirer to secure voting rights equivalent to two-thirds of the total voting rights of the target company, in order to ensure that the squeeze-out procedures through a share consolidation after the completion of the tender offer can be carried out. However, according to the analysis of similar cases (Note 3), in shareholders meetings related to two-step acquisitions such as the Extraordinary General Meeting of Shareholders (as defined in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below; hereinafter the same), the ratio of voting rights exercised for proposals related to share consolidations tends to be lower than that at the most recent annual general meeting of shareholders. Although the actual number of voting rights to be exercised at the Extraordinary General Meeting of Shareholders is uncertain, it is considered that securing voting rights equivalent to two-thirds of the maximum voting ratio at past annual general meetings of shareholders, together with the Non-Tendered Shares, would be sufficient to pass the proposal on the share consolidation to be submitted to the Extraordinary General Meeting of Shareholders. Based on this view and from the perspective of increasing the likelihood that the Tender Offer will be successfully completed, the Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer at 3,880,000 shares (representing an ownership ratio of 11.03%), corresponding to the number of shares calculated by multiplying (i) the number of voting rights (351,908 voting rights) associated with the Reference Number of Shares of the Target Company (35,190,831 shares) by (ii) the maximum voting ratio of 92.53% recorded at the Target Company’s annual general meetings of shareholders over the past five years (Note 4), rounded up to 325,621 voting rights, and then multiplying that by two-thirds, which is the voting ratio required for a special resolution at a general meeting of shareholders, to obtain 217,081 voting rights (rounded up), from which (iii) the number of voting rights (178,281 voting rights) corresponding to the number of Non-Tendered Shares (17,828,151 shares) was subtracted, resulting in 38,800 voting rights, and then multiplying that number by 100 shares, which is the number of shares constituting one unit of the Target Company’s shares

(Note 3) “Similar cases” refers to a total of 11 tender offers announced in or after January 2021 that were conducted by parties other than issuers with no capital relationship with the target company, excluding transactions between parent and subsidiary companies, transactions between equity-method affiliates, and so-called management buyouts (MBOs) (Note 5). These tender offers were aimed at making the target company a wholly owned subsidiary, had no upper limit on the number of shares to be purchased, used share consolidation as the method of squeeze-out, and involved domestic listed companies in which the tender offeror and its special related parties owned 50% or more of the target company’s shares. In those 11 cases, the average ratio of voting rights exercised for proposals related to share consolidations conducted for the purpose of a squeeze-out (excluding the voting rights exercised by the tender offeror and its special related parties in each respective tender offer from the calculation of the ratio) was approximately 46%, with a median of approximately 47%, showing a

tendency to be lower than the ratio of voting rights exercised at the most recent annual general meetings of shareholders (average of approximately 63% and median of approximately 64%).

- (Note 4) Based on the total number of voting rights of shareholders (351,231) as of the record date of the 100th Annual General Meeting of Shareholders held on June 25, 2025, as stated in the 100th Securities Report submitted by the Target Company on June 25, 2025, and the maximum number of voting rights exercised for any proposal at the 100th Annual General Meeting of Shareholders (317,646) as stated in the extraordinary report submitted by the Target Company on June 26, 2025, the maximum ratio of voting rights exercised at the meeting was 90.44% of the total voting rights (rounded to two decimal places; hereinafter the same in the calculation of voting ratios). Using the same calculation method, the maximum ratio of voting rights exercised was 90.89% at the 99th Annual General Meeting of Shareholders held on June 25, 2024, 91.57% at the 98th Annual General Meeting of Shareholders held on June 27, 2023, 91.40% at the 97th Annual General Meeting of Shareholders held on June 23, 2022, and 92.53% at the 96th Annual General Meeting of Shareholders held on June 24, 2021. The maximum ratio of voting rights exercised at the Target Company's Annual General Meetings of Shareholders during the past five years was therefore 92.53%.
- (Note 5) "Management buyout (MBO)" means a transaction in which the Tender Offeror conducts a tender offer based on an agreement with the officers of the Target Company and shares a common interest with the officers of the Target Company.

As noted above, since the minimum number of shares to be purchased in the Tender Offer has not been set at a level that, together with the Non-Tendered Shares, would secure voting rights equivalent to two-thirds of the voting rights of all shareholders of the Target Company, it cannot be ruled out that, at least theoretically, if the total number of voting rights in the Target Company held by the Tender Offeror and Sumitomo Electric Industries after the completion of the Tender Offer is less than two-thirds of the voting rights of all shareholders of the Target Company, the proposal relating to the Share Consolidation might not be approved at the Extraordinary General Meeting of Shareholders.

However, even if that approval is not obtained, since the Tender Offeror intends to ultimately acquire all of the Target Company Shares (excluding the treasury shares owned by the Target Company) and to make the Target Company a wholly owned subsidiary, the Tender Offeror plans on making the Target Company a wholly owned subsidiary by acquiring additional Target Company Shares through market purchases or off-market transactions, taking into account the status of the tendering of shares in the Tender Offer, the ownership structure and characteristics of the Target Company's shareholders at that time, and trends in the market price, until the shareholding ratio reaches a level at which the proposal relating to the Share Consolidation can realistically be approved at a shareholders meeting of the Target Company (the specific level will be determined based on the voting ratio at the Extraordinary General Meeting of Shareholders and the most recent shareholder composition of the Target Company). With respect to those additional acquisitions, the Tender Offeror intends to acquire the Target Company Shares at the market price in the case of market transactions or, in the case of transactions conducted by other means, at a price per share that is considered economically equivalent to the price per Target Company Share offered in the Tender Offer (the "Tender Offer Price") (being the same amount per share as the Tender

Offer Price, unless the Target Company conducts a share consolidation, share split, or other action requiring adjustment of the consideration to be paid). Although the specific timing and method of those additional acquisitions, as well as the period required until the subsequent approval of the proposal relating to the Share Consolidation at a shareholders meeting, cannot be determined at this time due to factors such as market conditions, the Tender Offeror will make every effort to ensure that the Share Consolidation is implemented as promptly as practicable.

The Tender Offeror plans to finance the Transaction, including the Tender Offer, through a loan from Mizuho Bank, Ltd. (“Mizuho Bank,” and that loan, the “Bank Loan”) and intends to receive the Bank Loan by the Business Day [immediately preceding] the commencement date of the settlement of the Tender Offer, subject to the completion of the Tender Offer and other related conditions. The detailed terms and conditions of the Bank Loan are to be determined through separate discussions between the Tender Offeror and Mizuho Bank and will be set forth in the loan agreement relating to the Bank Loan.]

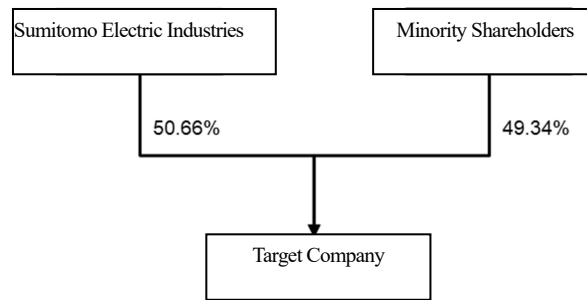
If the Tender Offeror is unable to acquire all of the Target Company Shares through the Tender Offer (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), the Tender Offeror plans to request the Target Company to implement the Squeeze-Out Procedures after the completion of the Tender Offer, as described in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

After the completion of the Squeeze-Out Procedures, the Tender Offeror plans to conduct the Share Buy Back, which will result in the Tender Offeror becoming the sole shareholder of the Target Company. In deciding to conduct the Share Buy Back, the Tender Offeror considered the fact that Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed in the Corporation Tax Act (Act No. 34 of 1965, as amended; the “Corporation Tax Act”). The Tender Offeror decided to carry out the Share Buy Back based on the view that implementing the Share Buy Back would allow both the maximization of the Tender Offer Price and fairness among shareholders by allocating a greater distribution to the minority shareholders of the Target Company. Based on discussions and negotiations with Sumitomo Electric Industries, the Tender Offeror calculated the price for the Share Buy Back so that (i) the after-tax proceeds that Sumitomo Electric Industries will receive from the Share Buy Back would be equivalent to (ii) the after-tax proceeds it would have received if it had tendered its Target Company Shares in a tender offer at a price per share equal to the Tender Offer Price. As a result, the Tender Offeror decided to set the Share Buy Back Price at JPY 6,877 per share.

The Transaction is substantially as shown in the following diagrams.

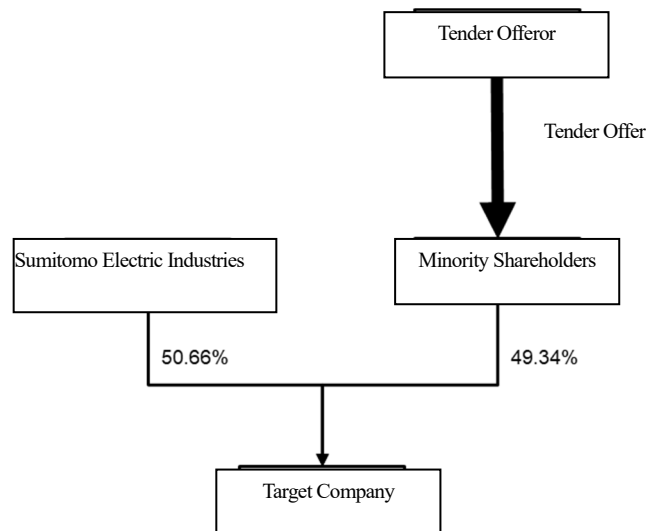
I. Before the Tender Offer (current)

As of today, out of the total number of issued shares of the Target Company (excluding the treasury shares owned by the Target Company), Sumitomo Electric Industries owns 17,828,151 shares (representing an ownership ratio of 50.66%), and the other shareholders own the remaining 17,362,680 shares (representing an ownership ratio of 49.34%).



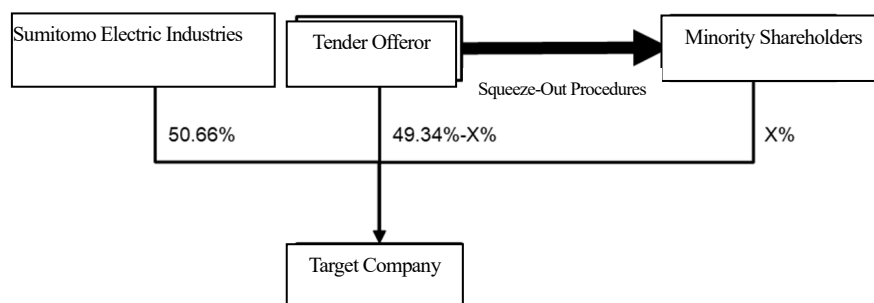
II. Tender Offer (from October 31, 2025 to December 15, 2025)

The Tender Offeror will conduct the Tender Offer for all of the Target Company Shares (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares).



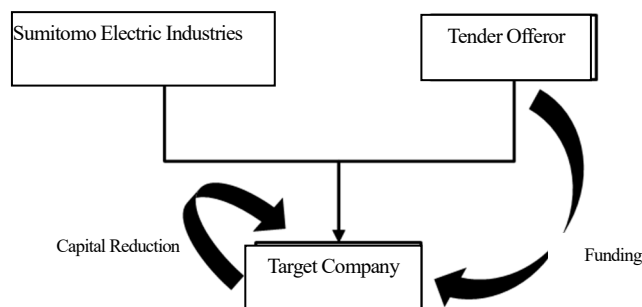
III. Implementation of the Squeeze-Out Procedures (mid-March 2026 (scheduled))

If the Tender Offeror is unable to acquire all of the Target Company Shares through the Tender Offer (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), the Tender Offeror will implement the Squeeze-Out Procedures through a Share Consolidation of the Target Company.



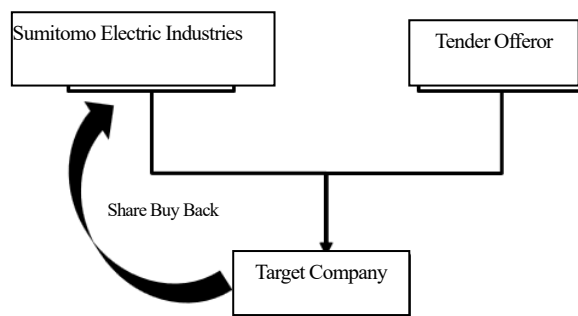
IV. (After the Share Consolidation takes effect) Implementation of the Funding and the Capital Reduction (late March 2026 (scheduled))

After the Share Consolidation takes effect, the Tender Offeror plans to implement the Funding and the Capital Reduction to secure the funds and distributable amount necessary for the Share Buy Back.

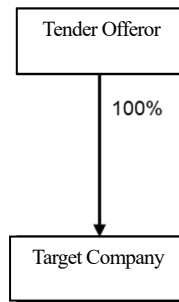


V. Share Buy Back (late March 2026 (scheduled))

The Target Company intends to carry out the Share Buy Back to acquire all of the Non-Tendered Shares owned by Sumitomo Electric Industries using the funds and the distributable amount secured through the Funding and the Capital Reduction.



VI. After Making the Target Company a Wholly Owned Subsidiary



According to the Notice Concerning Opinion in Favor of Tender Offer for the Company Shares, etc. by Daiwa House Industry Co., Ltd. and Recommendation to Tender announced by the Target Company today (the “Target Company Press Release”), the Target Company resolved at the meeting of its Board of Directors held today to express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer. For details of the resolution of the Board of Directors of the Target Company, see the Target Company Press Release and “(g) Approval by All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members” in “(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

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

The Tender Offeror was established in March 1947 as Hanazono Works Co., Ltd. It subsequently changed its trade name to Sanei Kiko Co., Ltd., and in April 1962 changed its trade name to Daiwa House Industry Co., Ltd. Following that, in December 1962, for the purpose of changing the par value of its shares, the Tender Offeror merged with Daiwa House Industry Co., Ltd., a separate legal entity from the Tender Offeror (such absorbed company, the “Former Daiwa House Industry Co., Ltd.”). Although the Tender Offeror was formally the surviving company in the merger, the Tender Offeror had been inactive prior to the merger date, and in substance, the former Daiwa House Industry Co., Ltd. effectively continued to exist. The former Daiwa House Industry Co., Ltd. was founded in April 1955 based on the philosophy of the industrialization of construction and, in October 1959, listed its shares as an over-the-counter approved issue on the Tokyo Stock Exchange and the Osaka Securities Exchange, Inc. (“Osaka Securities Exchange”). It was subsequently listed on the First Section of the Osaka Securities Exchange in September 1961 and on the First Section of the Tokyo Stock Exchange in October of the same year.

Following that, in July 2013, after the integration of the cash equity market of the Osaka Securities Exchange into the Tokyo Stock Exchange, the Tender Offeror was listed on the First Section of the Tokyo Stock Exchange. With the reorganization of the market segments of the Tokyo Stock Exchange in April 2022, the Tender Offeror was transferred to the Prime Market of the Tokyo Stock Exchange.

As of September 30, 2025, the Tender Offeror, together with its 486 subsidiaries and 203 affiliated companies constitutes a corporate group (the “Tender Offeror Group”) engaged

primarily in seven business segments, which are single-family houses, rental housing, condominiums, commercial facilities, logistics, business & corporate facilities, environment and energy, and other businesses, developing comprehensive operations in the field of lifestyle infrastructure industries.

From its founding, the Tender Offeror has operated in accordance with its founder's philosophy "don't do things because they will make a profit, but because they will be of service to society" and the belief that "our hopes for the future enable both individual and company growth." Looking forward to its 100th anniversary in 2055, the Tender Offeror established as a policy aimed to achieve that goal "Our Hopes for the Future (Purpose)," which means "creating the societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life." As a "Group that co-creates value for individuals, communities, and people's lifestyles," the Tender Offeror aims to nurture communities that live together in vivid and vibrant harmony with People and Nature.

The Tender Offeror Group operates with the aspiration of becoming a corporate group with net sales of 10 trillion yen in 2055, the year of its 100th anniversary. At present, it is implementing its five-year plan, the "7th Medium-Term Management Plan (FY2022–FY2026)," which began in FY2022. Under the three management policies of "evolve revenue model," "optimize management efficiency," and "strengthen management base," the group is working to build a "sustainable growth model" that continually maximizes both business value and social value over the long term. The 7th Medium-Term Management Plan was initially formulated as a five-year plan ending in FY2026. However, in FY2024, the third year of the plan, the group achieved record-high performance, supported by steady sales of developed properties and the expansion of its U.S. single-family housing business. By segment, the "rental housing business," "commercial facilities business," and "business and corporate facilities business," which are positioned as growth drivers, have already achieved or are expected to achieve the plan's final-year targets for sales or operating profit based on the FY2024 results or FY2025 forecasts. Furthermore, in the FY2025 plan, the Tender Offeror Group has set a sales target of 5.6 trillion yen, exceeding the 5.5 trillion yen target originally set for the final year of the 7th Medium-Term Management Plan. With steady progress in new initiatives and asset development both in Japan and overseas, a clear path toward achieving the plan's goals has emerged. In light of these developments, and to accurately respond to the rapidly changing external environment and advance to the next stage, the group plans to complete the current Medium-Term Management Plan one year ahead of schedule and begin management under the 8th Medium-Term Management Plan, which will commence in FY2026.

According to the Target Company Press Release, meanwhile, the Target Company was established in March 1947 as Taiyo Electric Construction Limited, primarily by former Sumitomo Electric Industries employees, to cooperate in the war recovery work of Kansai Electric Power Co., Inc. (reorganized into a stock company in April 1950 and changed its trade name to Taiyo Densetsu Co., Ltd. ("Taiyo Densetsu")). Subsequently, following a merger with Kudo Electric Co., Ltd. in March 1969 (changing the trade name to Taiyo Kudo Construction Co., Ltd.), the trade name was changed to the current Sumitomo Densetsu Co., Ltd. in July 1985. Furthermore, since its capital participation in Taiyo Densetsu in October 1951, Sumitomo Electric Industries has been the Target Company's parent company.

According to the Target Company Press Release, the Target Company Shares were listed on the Second Section of the Osaka Securities Exchange in November 1962, and the Second Section of the TSE in November 1972. In September 1995, the Target Company Shares

were designated to the First Section of both the TSE and the Osaka Stock Exchange. Following the integration of the TSE and the Osaka Stock Exchange in July 2013, the Target Company Shares were transferred exclusively to the First Section of the TSE. Subsequently, following the market reclassification in April 2022, the Target Company Shares are currently listed on the TSE Prime Market.

According to the Target Company Press Release, as of today, a corporate group consisted of the Target Company, 18 subsidiaries and 1 affiliate (the "Company Group") is mainly engaged in the equipment construction business centering on electrical equipment construction, and is engaged in such business activities as engineering services related to equipment construction and equipment sales.

According to the Target Company Press Release, on May 9, 2025, the Target Company announced "VISION2030", mid-term targets for fiscal 2030, and "Mid-term PLAN 2028", a new four-year medium-term management plan starting in 2025 to realize our VISION, striving to achieve sustainable growth and enhance corporate value by expanding its human capital and strengthening its technological and construction capabilities, under the theme of "Advancing as a comprehensive engineering company by accelerating investment in people and technology". Specifically, we have set out 3 growth strategies: (i) "Sales measures" to strengthen relationships with important customers and develop excellent customers as a basis for receiving orders; (ii) "Measures to strengthen on-site capabilities" to improve productivity through on-site DX (Note 1), etc., strengthen construction capabilities through building partnerships with business partners, and improve ability to respond to large-scale projects; and (iii) "Measures to strengthen the foundation" to improve construction efficiency and secure engineers and construction capabilities through investment in human capital and information technology.

(Note 1) An abbreviation for "Digital Transformation", referring to the provision of new value and experiences through the use of digital technology, as well as societal transformation.

According to the Target Company Press Release, regarding the business environment surrounding the Target Company Group, we anticipate steady private sector capital investment, driven by the further expansion of the data center (Note 2) market due to the advancement of the digital society, redevelopment in major metropolitan areas, and increased hotel demand stemming from the recovery and growth of inbound demand. We also anticipate increased demand for trunk line renewal and reinforcement work to accommodate the expansion of renewable energy and the resulting increase in storage batteries and power transmission volume. However, the current environment remains uncertain, with factors such as rising labor costs and equipment prices, trade friction triggered by U.S. tariff policies, and global economic stagnation. We recognize the need to closely monitor future social conditions and market trends.

(Note 2) Refers to dedicated facilities for the centralized installation and operation of servers, storage, network equipment, etc., and collectively refers to functions such as power and networking that ensure stable server operation. In recent years, demand for data center services has increased due to the advancement of the digital society, and their number has also grown.

Under these circumstances, the Tender Offeror recognizes that in order to further strengthen its technological capabilities, build a business portfolio both in Japan and overseas aimed at achieving sales of JPY 10 trillion, and enhance the construction and development of growth areas such as data centers and semiconductor plants (which were identified as active investment areas in the management briefing materials for institutional investors and analysts announced by the Tender Offeror on May 14, 2025), which are priority focus areas for the Tender Offeror Group, it is essential to establish a stable construction framework, particularly by securing equipment companies with advanced specialized technical capabilities, which represents a major challenge. Accordingly, while broadly considering potential investment opportunities, including the possibility of investing in the Target Company since April 2023, the Tender Offeror received a proposal from Mizuho Securities Co., Ltd. (“Mizuho Securities”), with which it had a prior business relationship, in late October 2024 regarding making the Target Company a wholly owned subsidiary. After internal discussions within the Tender Offeror, it had the opportunity to hold a three-party meeting with Sumitomo Electric Industries and the Target Company on May 28, 2025, at which time it conveyed to both companies its intention to commence good-faith discussions regarding the Transaction. Following that meeting, the Tender Offeror decided to further examine the possibility of strengthening its relationship with the Target Company, including the Transaction. In early June 2025, the Tender Offeror appointed Mizuho Securities, which is independent of each of the Tender Offeror, Sumitomo Electric Industries, and the Target Company (collectively, the “Tender Offer-Related Parties”), as its financial advisor and third-party appraiser. In mid-June 2025, the Tender Offeror also appointed Mori Hamada & Matsumoto, which is also independent of all of the Tender Offer-Related Parties, as its legal advisor, and it then commenced a specific investigation of the Transaction. Following that, after further specific investigation, the Tender Offeror decided to move forward more proactively with an investigation of the Transaction and, on June 30, 2025, submitted a non-binding letter of intent regarding making the Target Company a wholly owned subsidiary (the “Initial Letter of Intent”) to Sumitomo Electric Industries, the parent company of the Target Company, and the Target Company. Following that, from late July 2025 to early September 2025, the Tender Offeror conducted due diligence on the Target Company covering business, financial and tax, legal matters, and other areas. Through the due diligence and various analyses, and based on the realization of the synergies described in (i) and (ii) below, the Tender Offeror concluded that the implementation of the Transaction would contribute to maximizing the corporate value of the Tender Offer-Related Parties and securing the interests of shareholders.

The Tender Offeror recognizes that, in the construction industry as a whole, demand for construction continues to trend upward due to factors such as reconstruction needs following the Great East Japan Earthquake, the recovery of private-sector investment appetite, the expansion of building repair work driven by an increase in existing stock, and the impact of rising construction costs. In addition to the fact that skilled construction workers have long been in short supply, with the introduction of limits on working hours starting in FY2024, the Tender Offeror expects this trend to continue. The Tender Offeror recognizes that, due to that shortage of skilled construction workers, the power balance within the multilayered subcontracting structure is shifting from one in which prime contractors select subcontractors to one in which subcontractors now have greater discretion in choosing prime contractors. Given that the Target Company carefully selects projects while taking into account workforce allocation at each site, the organizational succession of technical expertise, and involvement in various types of buildings for different purposes, the Tender Offeror recognizes that the shortage of skilled construction workers may become a factor constraining supply for future construction investment. Accordingly, the Tender Offeror believes that bringing the Target Company into the Tender Offeror Group would contribute to maintaining and enhancing the group’s technological

capabilities in construction and development. Within the Tender Offeror Group's integrated construction process, the subcontractor (Note 3) field involving skilled construction workers is recognized as one area in which the Target Company lacks sufficient technical expertise and know-how and is therefore viewed as one that should be strengthened.

(Note 3) In Japanese, "*subcon*" is used as an abbreviation of "subcontractor" and refers to a subcontractor that undertakes specific tasks or work from a prime contractor (*genecon*) (Note 4). Subcontractors have specialized skills and expertise and are responsible for work in specific fields such as electrical installation, plumbing, and interior finishing.

(Note 4) In Japanese, "*genecon*" is used as an abbreviation of "general contractor" and refers to a comprehensive construction company that plans, coordinates, and manages an entire construction project. It oversees all processes involved in the construction of buildings and infrastructure and is responsible for completing the project.

The Tender Offeror recognizes that the electrical construction industry, driven by decarbonization initiatives and digital transformation (DX), is focusing not only on traditional electrical construction but also on securing orders in new areas such as renewable energy and data centers amid increasing investment in these areas. The Tender Offeror recognizes that order intake in the information and communications industry is expected to remain favorable over the next several years supported by the social infrastructure fields such as disaster prevention and mitigation and the growing demand for data centers. The Tender Offeror understands that, as a trend among equipment construction companies, the shortage of subcontractors capacity has placed them in a relatively advantageous position when receiving orders from general contractors. As a result, electrical construction companies are expanding into communication work, while communication construction companies are moving into electrical construction, leading to a growing number of companies engaging in comprehensive equipment construction businesses that also cover air-conditioning and piping.

As described above, the Tender Offeror recognizes that in order to further strengthen its technological capabilities, build a business portfolio both in Japan and overseas aimed at achieving sales of JPY 10 trillion, and enhance the construction and development of growth areas such as data centers and semiconductor plants, which are priority focus areas for the Tender Offeror Group, it is essential to establish a stable construction framework, particularly by securing equipment companies with advanced specialized technical capabilities, which represents a major challenge. In this context, the Tender Offeror recognizes that, having built a close business relationship with the Target Company by placing orders for equipment construction work with the Target Company and receiving building construction orders from the Target Company. Specifically, orders placed by the Tender Offeror with the Target Company for equipment and other construction work amounted to JPY 4,400 million in the fiscal year ended March 2023, JPY 3,264 million in the fiscal year ended March 2024, and JPY 1,755 million in the fiscal year ending March 2025 (Note 5). In addition, orders placed by the Target Company with the Tender Offeror for construction and other work amounted to JPY 1,636 million in the fiscal year ended March 2023 and JPY 9 million in the fiscal year ending March 2025 (Note 6). Based on that business relationship, the Tender Offeror strongly recognizes the high degree of compatibility between its business and that of the Target Company. The Target Company's business domains, advanced technological capabilities, and human resources represent valuable resources for enhancing the technological capabilities pursued by the Tender Offeror Group.

They are expected to make a significant contribution to improving profitability through the expansion of the Tender Offeror Group's businesses, such as the construction and development of data centers and semiconductor plants, the development of sales channels within the Target Company's customer base, and the receipt of high-value, technically demanding projects that leverage the Target Company's advanced technological capabilities. Given that the Transaction aligns with the business strategy of the Tender Offeror Group, the Tender Offeror has concluded that its implementation would be highly desirable.

(Note 5) These figures represent the total payment amounts from the Tender Offeror to the Target Company during the relevant periods.

(Note 6) These figures represent the total sales amounts from the Tender Offeror to the Target Company during the relevant periods (based on delivery dates).

The Tender Offeror also recognizes that, in light of the expected increase in construction demand and the labor shortage, as well as the anticipated growth in construction projects for data centers and semiconductor plants and the increase in the ratio of equipment-related work in overall building construction, the electrical construction industry is becoming increasingly important in terms of technological expertise and know-how. The Tender Offeror expects that the implementation of the Transaction will significantly enhance the comprehensive capabilities of the Tender Offeror Group.

The Tender Offeror also believes that the growth of the Target Company itself following the implementation of the Transaction will directly contribute to the overall growth of the Tender Offeror Group. Accordingly, even after the completion of the Transaction, the Tender Offeror expects the Target Company to actively expand its business with clients outside the Tender Offeror Group and to achieve further growth. To that end, the Tender Offeror will provide support in a complementary manner by offering the necessary resources and business opportunities through the Tender Offeror Group.

The Tender Offeror believes that the implementation of the Transaction will also make a significant contribution to enhancing the corporate value of the Target Company through the realization of the following synergies.

- (i) Expansion of the electrical construction business and the information and communications business, which are key focus areas

The Target Company's key focus areas, the electrical construction business and the information and communications business, are fields in which the Tender Offeror and the Target Company already frequently collaborate. Given the expected continued strong demand for construction and the ongoing labor shortage, the Tender Offeror believes that the two companies can work towards maximizing profits by further deepening their collaborative framework. In the information and communications business, the Tender Offeror expects that, while the Tender Offeror promotes the development and construction of data centers and semiconductor plants, the Target Company will handle information and communications work, which will enable it to acquire construction experience and know-how in that field. The Tender Offeror also believes that collaboration with the Target Company on redevelopment projects, logistics facilities, offices, commercial facilities, hotels, and other projects will lead to further business opportunities for both the Tender Offeror and the Target Company.

In addition, since the Tender Offeror Group's business domains are extremely broad, encompassing both B2C and B2B businesses, the Tender Offeror believes that by strengthening mutual transactions and exchanges following the implementation of the Transaction, both parties will be able to identify new business opportunities and possibilities for further advancement in construction DX initiatives.

(ii) Further growth of overseas operations, primarily in Southeast Asia

The Tender Offeror understands that the Target Company has long been actively engaged in overseas operations, beginning with the establishment of a representative office in Jakarta, Indonesia in 1973, followed by expansion into Singapore in 1975, Malaysia in 1979, and Thailand in 1985.

With respect to overseas operations, since the Tender Offeror Group is in the process of building an area portfolio across North America, Europe, Asia, and Australia, the Tender Offeror envisions potential collaboration with the Target Company in electrical and communication work for commercial facilities, logistics facilities, and mixed-use development projects in each of those regions. In Southeast Asia in particular, since both the Tender Offeror and the Target Company have operations in Indonesia, Thailand, the Philippines, Vietnam, China, and Malaysia, the Tender Offeror believes that collaboration across a wide range of regions will be possible. Those countries are experiencing rapid economic growth and urbanization, so the Tender Offeror believes there are opportunities for collaboration in a wide range of fields, including infrastructure development, commercial facilities, the construction of data centers and semiconductor plants, and environmental protection.

Fujita Corporation ("Fujita"), a subsidiary of the Tender Offeror, has also been actively expanding its overseas operations. In particular, since Fujita has extensive experience and a strong track record in infrastructure projects and construction businesses, the Tender Offeror believes that combining the technologies of the Target Company and Fujita with the Tender Offeror's development expertise will enable them to provide high-quality business facilities and other projects suited to local markets. Furthermore, as environmental protection and sustainable development are key challenges in the aforementioned countries, the Tender Offeror believes that it will be possible to jointly promote environmentally conscious projects, such as the construction of energy-efficient buildings and the advancement of renewable energy use.

In addition, the Tender Offeror recognizes that the disadvantages associated with taking the Target Company Shares private include the inability to raise funds through equity financing in the capital markets and the loss of benefits previously enjoyed by the Target Company as a listed company, such as maintaining and enhancing name recognition and social credibility. However, in terms of financing, the Tender Offeror believes that while the need to raise funds through equity financing is not expected to be high for the time being, becoming a group company of the Tender Offeror would make it easier to obtain financing through indirect means by leveraging the Tender Offeror's creditworthiness even if the need for funding were to increase in the future. The Tender Offeror also believes that the name recognition and social credibility the Target Company has built through its business operations to date will not be immediately lost as a result of becoming private, and that the Target Company will, in turn, gain the name recognition and social credibility of the Tender Offeror Group, so it believes the disadvantages associated with taking the Target Company private are limited. In light of the fact that the Business Alliance

Agreement, which aims to maintain and continue the existing collaborative relationship between the Target Company and Sumitomo Electric Industries (as defined in “(ii) Background of Examination and Negotiation and Content of Decision” in “(b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer” below) and to further develop the business alliance among the Tender Offeror, the Target Company, and Sumitomo Electric Industries to promote the enhancement of each company’s corporate value, has been executed, it is considered that the existing collaborative relationship between the Target Company and Sumitomo Electric Industries can be maintained and continued even after the Transaction. Therefore, the disadvantages arising from the dissolution of the capital relationship between the Target Company and Sumitomo Electric Industries are considered to be limited.

Taking into account the results of the due diligence and the fact that no material issues were identified, the Tender Offeror began discussions in early September 2025 with the Target Company and Sumitomo Electric Industries regarding the post-Transaction management structure, business policies, and the Business Alliance Agreement, and on September 12, 2025 the Tender Offeror submitted to the Target Company a final letter of intent (the “Final Letter of Intent”) that included a proposal to set the Tender Offer Price at JPY 8,287 per share and the Share Buy Back Price at JPY 5,860 per share based on the assumption that no interim dividend or year-end dividend would be paid for the fiscal year ending March 31, 2026 (the proposed Tender Offer Price represents a premium of 22.95% (rounded to two decimal places; hereinafter the same when calculating premium rates) over the closing price of JPY 6,740 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on September 11, 2025, the Business Day immediately preceding the proposal date; 20.82% over the simple average closing price of JPY 6,859 for the one-month period up to that date (rounded to the nearest yen; hereinafter the same when calculating simple average closing prices); 25.54% over the simple average closing price of JPY 6,601 for the three-month period up to that date; and 39.21% over the simple average closing price of JPY 5,953 for the six-month period up to that date. In response, on September 22, 2025, the Tender Offeror received a reply from the Special Committee (as defined in (i) Proposals from the Tender Offeror and Development of the Examination Framework” in “(b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer” below; hereinafter the same) requesting, from the perspective of protecting the interests of the minority shareholders of the Target Company, that the Tender Offeror consider increasing the proposed Tender Offer Price and, given that the announcement of the Transaction is scheduled to take place after the record date for the interim dividends for the fiscal year ending March 31, 2026, that the Tender Offeror consider the proposal on the assumption that interim dividends for that fiscal year will be paid. In response, on September 25, 2025, the Tender Offeror made a second proposal to the Target Company setting the Tender Offer Price at JPY 8,287 and the Share Buy Back Price at JPY 5,860 on the assumption that interim dividends will be paid for the fiscal year ending March 31, 2026 (the Tender Offer Price represented a premium of 29.08% over the closing price of JPY 6,420 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on September 24, 2025, the Business Day immediately preceding the proposal date; 24.39% over the simple average closing price of JPY 6,662 for the one-month period up to that date; 24.45% over the simple average closing price of JPY 6,659 for the three-month period up to that date; and 36.75% over the simple average closing price of JPY 6,060 for the six-month period up to that date). In response, on September 29, 2025, the Tender Offeror received a reply from the Special Committee stating that, in light of the intrinsic value derived from the total equity value of

the Target Company Shares, the proposed price still could not be considered to give sufficient consideration to the interests of the minority shareholders of the Target Company, and requesting that the Tender Offeror increase the Tender Offer Price. In response, on October 1, 2025, the Tender Offeror made a third proposal to the Target Company setting the Tender Offer Price at JPY 8,847 and the Share Buy Back Price at JPY 6,247 on the assumption that interim dividends will be paid for the fiscal year ending March 31, 2026 (the Tender Offer Price represented a premium of 37.80% over the closing price of JPY 6,420 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on October 1, 2025, the proposal date; 35.03% over the simple average closing price of JPY 6,552 for the one-month period up to that date; 32.44% over the simple average closing price of JPY 6,680 for the three-month period up to that date; and 44.42% over the simple average closing price of JPY 6,126 for the six-month period up to that date). In response, on October 7, 2025, the Tender Offeror received a reply from the Special Committee stating that it did not consider the proposed price to sufficiently reflect the intrinsic value derived from the total equity value of the Target Company Shares, and, taking into account both the Target Company's intrinsic value and the synergies expected to arise from the Transaction, requested that the Tender Offeror increase the Tender Offer Price in order to obtain the support of a greater number of the minority shareholders of the Target Company. In response, on October 10, 2025, the Tender Offeror made a fourth proposal to the Target Company setting the Tender Offer Price at JPY 8,929 and the Share Buy Back Price at JPY 6,304 on the assumption that interim dividends will be paid for the fiscal year ending March 31, 2026 (the Tender Offer Price represented a premium of 29.22% over the closing price of JPY 6,910 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on October 9, 2025, the Business Day immediately preceding the proposal date; 35.14% over the simple average closing price of JPY 6,607 for the one-month period up to that date; 33.01% over the simple average closing price of JPY 6,713 for the three-month period up to that date; and 43.14% over the simple average closing price of JPY 6,238 for the six-month period up to that date). In response, on October 15, 2025, the Tender Offeror received a reply from the Special Committee stating that, in order to obtain the support of a greater number of the Target Company's minority shareholders, it should take into account the medium- to long-term synergies expected to arise from the Transaction and, in light of the fact that the performance of the Target Company for the period from April 2025 through the end of September 2025 (the interim consolidated accounting period) is expected not only to significantly exceed the most recently announced consolidated financial forecast for the second quarter (interim period) of the fiscal year ending March 31, 2026, but also to potentially necessitate an upward revision of the full-year consolidated financial forecast for the same fiscal year, and further increase the Tender Offer Price. In response, on October 20, 2025, the Tender Offeror made a fifth proposal to the Target Company, having examined the potential synergy effects that could arise from the Tender Offer and taking into consideration the possibility of an upward revision to the Target Company's consolidated earnings forecast for the fiscal year ending March 31, 2026, setting the Tender Offer Price at JPY 9,283 and the Share Buy Back Price at JPY 6,552 (the Tender Offer Price represented a premium of 35.92% over the closing price of JPY 6,830 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on October 17, 2025, the Business Day immediately preceding the proposal date; 39.93% over the simple average closing price of JPY 6,634 for the one-month period up to that date; 37.89% over the simple average closing price of JPY 6,732 for the three-month period up

to that date; and 46.56% over the simple average closing price of JPY 6,334 for the six-month period up to that date). In response, on October 21, 2025, the Tender Offeror received a reply from the Special Committee stating that, while it understood the proposed price to be a price that, taking into consideration the perspective of ensuring the legitimate interests to be enjoyed by the minority shareholders of the Target Company, reflects to a certain extent the intrinsic value derived from the total equity value of the Target Company Shares, it requested a further increase in the Tender Offer Price in order to maximize the interests of the minority shareholders of the Target Company even in the absence of an active market check and to obtain broader understanding and support from a greater number of the minority shareholders. In response, on October 24, 2025, the Tender Offeror made a sixth proposal to the Target Company as its final and best proposal, having sincerely taken the opinion of the Special Committee into account and carefully reconsidered the matter, setting the Tender Offer Price at JPY 9,760 and the Share Buy Back Price at JPY 6,877 (the Tender Offer Price represented a premium of 35.74% over the closing price of JPY 7,190 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on October 23, 2025, the Business Day immediately preceding the proposal date; 44.98% over the simple average closing price of JPY 6,732 for the one-month period up to that date; 44.40% over the simple average closing price of JPY 6,759 for the three-month period up to that date; and 52.38% over the simple average closing price of JPY 6,405 for the six-month period up to that date). In response, on October 27, 2025, the Tender Offeror received a reply from the Special Committee stating that, after continuing to carefully examine the matter from the perspective of protecting the interests of the minority shareholders, it had decided to accept the proposal setting the Tender Offer Price at JPY 9,760.

In addition, on September 12, 2025, the Tender Offeror submitted the Final Letter of Intent to Sumitomo Electric Industries, which included a proposal that the Target Company Shares held by Sumitomo Electric Industries be acquired through the Share Buy Back. Thereafter, the parties continued discussions on the premise of entering into the Transaction-Related Agreements, and on October 24, 2025, the Tender Offeror made a proposal to Sumitomo Electric Industries setting the Tender Offer Price at JPY 9,760 and the Share Buy Back Price at JPY 6,877. In response, on October 27, 2025, the Tender Offeror received notice from Sumitomo Electric Industries that it would accept the proposal, and on October 30, 2025, the Tender Offeror and Sumitomo Electric Industries entered into the Transaction-Related Agreements, which included the agreement that Sumitomo Electric Industries would not tender its shares in the Tender Offer but would participate in the Share Buy Back.

In addition, taking into consideration that, in the Initial Letter of Intent, the Tender Offeror proposed to the Target Company and Sumitomo Electric Industries, that the three companies - the Tender Offeror, the Target Company and Sumitomo Electric Industries - enter into a business alliance agreement, the Tender Offeror, in parallel with the negotiations on the Tender Offer Price with the Target Company and Sumitomo Electric Industries, had specific discussions with the Target Company and Sumitomo Electric Industries from early September 2025 to around late October, 2025 regarding the management structure and business policies after the Transaction, as well as matters relating to the business alliance. As a result, on October 30, 2025, the Tender Offeror, the Target Company, and Sumitomo Electric Industries entered into the Business Alliance Agreement, which aims to maintain and continue the existing collaborative relationships between the Target Company and Sumitomo Electric Industries and to further develop the business alliance among the three companies to promote the enhancement of their

respective corporate value. For details of the Business Alliance Agreement, please refer to “(c) Business Alliance Agreement” in “(6) Matters Related to Material Agreements Concerning the Tender Offer” below.

Following the above process, today, the Tender Offeror decided to commence the Tender Offer as part of the Transaction, setting the Tender Offer Price at JPY 6,877 and the Share Buy Back Price at JPY 9,760.

- (b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer
 - (i) Proposal from the Tender Offeror and Background to the Establishment of the Examination Framework

According to the Target Company Press Release, as described in "(a) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer ", on May 28, 2025, during a meeting between the Tender Offeror, Sumitomo Electric Industries and the Target Company, the Target Company received an explanation from the Tender Offeror, together with Sumitomo Electric Industries, expressing their desire to commence earnest discussions regarding the Transaction. Subsequently, on June 30, 2025, the Target Company received an initial letter of intent from the Tender Offeror. During this period, while intermittent discussions were held between the Target Company and Sumitomo Electric Industries, no concrete negotiations took place, and no discussions were held between the Target Company and the Tender Offeror.

According to the Target Company Press Release, following receipt of the initial letter of intent, the Target Company confirmed that Sumitomo Electric Industries also intends to proceed with concrete consideration of the proposal from the Tender Offeror, and Sumitomo Electric Industries has commenced concrete consideration of selling the Target Company Shares, but discussions among the Tender Offeror, Sumitomo Electric Industries and the Target Company had not been sufficiently conducted. In order to carefully consider such a proposal, the Target Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and third-party appraiser independent of the Tender Offeror-Related Parties as well as the success or failure of the Transaction in early July 2025 and appointed Anderson Mori & Tomotsune ("Anderson Mori & Tomotsune") as a legal advisor independent of the Tender Offeror-Related Parties as well as the success or failure of the Transaction.

According to the Target Company Press Release, although the Tender Offer does not constitute a tender offer by a controlling shareholder, since (A) the Transaction are based on the acquisition of the Target Company Shares held by Sumitomo Electric Industries, the parent company and largest shareholder of the Target Company (including through the acquisition of treasury shares by the Target Company), and the Target Company, the Tender Offeror and Sumitomo Electric Industries plan to enter into the Business Alliance Agreement, and therefore, the interests of Sumitomo Electric Industries, the parent company and largest shareholder of the Target Company, which holds 17,828,151 shares (ownership ratio: 50.66%), and the minority shareholders of the Target Company may not necessarily align, (B) the Tender Offer is being conducted as part of the Transaction, which is premised on making the Target Company a wholly-owned subsidiary, and (C) three directors of the Target Company (Mr. Makoto Tani, Mr.

Tetsunari Shimada, and Mr. Kenichi Shimada) are former employees of Sumitomo Electric Industries, it cannot be said that there are no potential conflicts of interest or information asymmetry issues with minority shareholders in the process of considering the Transaction at the Target Company. In light of this, based on the advice of Anderson Mori & Tomotsune, the Target Company has initiated the establishment of a framework to review, negotiate and make decisions on the Transaction independent of all Tender Offer-Related Parties and the success or failure of the Transaction from the perspective of enhancing the corporate value of the Target Company Group and securing the interests of the Target Company's minority shareholders.

According to the Target Company Press Release, specifically, as described in "(i) Background of Establishment of the Committee" under "(b) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, pursuant to a resolution adopted at the Target Company's board of directors meeting held on July 22, 2025, the Target Company established a special committee (the "Special Committee"). The Special Committee consists of four members: Mr. Rikiya Hattori (Independent Outside Director of the Target Company, Outside Director of Shiga Bank, Ltd.), Mr. Hideyuki Takahashi (Independent Outside Director of the Target Company, Secretary General of the Japan Joint Securities Foundation), Mr. Hirofumi Yasuhara (Independent Outside Director of the Target Company, Outside Auditor of Sumitomo Rubber Industries, Ltd., Outside Auditor of Kanadevia Corporation), and Mr. Takuma Usui (Independent Outside Auditor of the Target Company, Attorney at Law, Partner at Tanabe and Partners) (Mr. Rikiya Hattori, an independent outside director of the Target Company, has been appointed as chairman of the Special Committee by mutual election among the committee members of this Special Committee). The Special Committee is independent of both the Tender Offer-Related Parties and the success or failure of the Transaction. The Target Company inquired to the Special Committee regarding (a) whether the purpose of the Transaction is reasonable (including whether the Transaction contributes to the enhancement of the corporate value of the Target Company), (b) whether the fairness and reasonableness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) are ensured, (c) whether the fairness of the procedures related to the Transaction is ensured, (d) whether, considering (a) through (c) above, the decision by the Target Company's board of directors to proceed with the Transaction is not considered disadvantageous to the Target Company's minority shareholders, and (e) the pros and cons of the Target Company's Board of Directors expressing its opinion in favor of the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer (collectively, the "Consultation Matters"). For details on the establishment of this Special Committee, the deliberation process, and the recommendations(s) reached, please refer to "(b) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

According to the Target Company Press Release, as described in "(i) Background of Establishment of the Committee" under "(b) Establishment of an Independent Special

Committee by the Target Company and Obtaining a Report from the Special Committee " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below, the Target Company confirmed with the Special Committee that there were no issues regarding the independence and expertise of Nomura Securities, the Target Company's financial advisor and third-party appraiser, and Anderson Mori & Tomotsune, the Target Company's legal advisor, and obtained the Special Committee's approval for their appointment. Furthermore, as described in " (i) Background of Establishment of the Committee" under "(b) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below, based on the authorities granted to the Special Committee, on September 17, 2025, the Target Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") as its own financial advisor and independent third-party appraiser.

According to the Target Company Press Release, furthermore, as described in "(f) Establishment of an Independent Examination Framework at the Target Company " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below, the Target Company has established a system within the Target Company to conduct review, negotiations, and decisions regarding the Transaction from a position independent of the Tender Offeror and Sumitomo Electric Industries, and obtained the Special Committee's approval that there were no issues regarding the independence and fairness of the Target Company's review system (including the scope of the Target Company's officers and employees involved in reviewing, negotiating, and making decisions regarding the Transaction, as well as their respective duties).

(ii) Background of Examination and Negotiation and Content of Decision

According to the Target Company Press Release, after establishing the review system described in (i) above, the Target Company carefully examined the merits and demerits of the Transaction, including the Tender Offer Price, based on Nomura Securities' report on the valuation results of the Target Company Shares and advice regarding the negotiation policy with the Tender Offeror, and Anderson Mori & Tomotsune's legal advice regarding actions to ensure fairness of the procedures in the Transaction, based on the negotiation policy and opinions, instructions and requests regarding important aspects of the negotiation that were confirmed by the Special Committee in advance.

According to the Target Company Press Release, first, the Target Company accepted due diligence by the Tender Offeror from late July 2025 to early September 2025, in order to have the Tender Offeror present measures to enhance the Target Company's corporate value and transaction terms and conditions, including the Tender Offer Price, after the Tender Offeror conducted further analysis and review of the Target Company's business and financial condition, among other things.

According to the Target Company Press Release, subsequently, on September 12, 2025, the

Target Company received from the Tender Offer the final letter of intent including a proposal to set the Tender Offer Price at 8,287 yen (representing a premium of 22.95% on JPY 6,740, which is the closing price of the Target Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on September 11, 2025, the business day immediately preceding the proposal date, a premium of 20.82% on JPY 6,859, which is the simple average closing price of the Target Company Shares for the one-month period immediately preceding the base date, a premium of 25.54% on JPY 6,601, which is the simple average closing price during the past three-month period immediately preceding the base date, and a premium of 39.21% on JPY 5,953, the simple average closing price during the past six-month period immediately preceding the base date) and the Share Buy Back Price at 5,860 yen on the assumption that the Target Company will not pay an interim dividend and a year-end dividend for the fiscal year ending March 31, 2026. In response, on September 22, 2025, the Special Committee requested the Tender Offeror to consider increasing the Tender Offer Price since the Special Committee assessed that the price was not sufficient from the perspective of protecting the interests of minority shareholders of the Target Company, and to reconsider doing so on the assumption of paying an interim dividend for the fiscal year ending March 2026, given that the Transaction are scheduled to be announced after the Target Company's record date for the interim dividend for the fiscal year ending March 31, 2026. Subsequently, on September 25, 2025, the Target Company received from the Tender Offeror a second proposal to set the Tender Offer Price at 8,287 yen (representing a premium of 29.08% on JPY 6,420, which is the closing price of the Target Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on September 24, 2025, the business day immediately preceding the proposal date, a premium of 24.39% on JPY 6,662, which is the simple average closing price for the one-month period immediately preceding the base date, a premium of 24.45% on JPY 6,659, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 36.75% on JPY 6,060, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at 5,860 yen on the assumption that the Target Company makes an interim dividend for the fiscal year ending March 31, 2026. In response, on September 29, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price because the Special Committee assessed that the price did not continue to sufficiently consider the interests of the Target Company's minority shareholders in light of the intrinsic value derived from the aggregate share value of the Target Company Shares. Consequently, the Special Committee requested a further increase in the Tender Offer Price. Subsequently, on October 1, 2025, the Target Company received a proposal from the Tender Offeror to increase the Tender Offer Price to JPY 8,847 (representing a premium of 37.80% on JPY 6,420, which is the closing price of the Target Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 1, 2025, the proposal date, a 35.03% premium on JPY 6,552, which is the simple average closing price for the past one-month period immediately preceding the base date, a 32.44% premium on JPY 6,680, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 44.42% on JPY 6,126, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,247 yen. In response, on October 7, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price taking into account the intrinsic value and the synergies generated from the Transaction since the Special Committee assessed that the

intrinsic value derived from the aggregate share value of the Target Company Shares has not yet been sufficiently assessed. Subsequently, on October 10, 2025, the Target Company received a fourth proposal from the Tender Offeror to increase the Tender Offer Price to JPY 8,929 (representing a premium of 29.22% on JPY 6,910, which is the closing price of the Target Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 9, 2025, the business day immediately preceding the proposal date, a 35.14% premium on JPY 6,607, which is the simple average closing price for the past one-month period immediately preceding the base date, a 33.01% premium on JPY 6,713, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 43.14% on JPY 6,238, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,304 yen. In response, on October 15, 2025, the Special Committee conveyed to the Tender Offer that the Target Company's performance from April 1, 2025 to September 30, 2025 (interim consolidated accounting period) was expected to significantly exceed the most recently disclosed consolidated earnings forecast for the second quarter (interim period) of the fiscal year ending March 31, 2026 and that an upward revision to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2026 might be necessary, and requested the Tender Offeror to further increase the Tender Offer Price in order to obtain continued support from as many minority shareholders as possible, taking into account the medium-to long-term synergies generated from the Transaction and the fact that the Target Company is currently performing extremely well at a level that may require an upward revision of the consolidated earnings forecast. Subsequently, the Target Company received a fifth proposal from the Tender Offeror to set the Tender Offer Price at JPY 9,283 (representing a premium of 35.92% on JPY 6,830, which is the closing price of the Target Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 17, 2025, the business day immediately preceding the proposal date, a 39.93% premium on JPY 6,634, which is the simple average closing price for the past one-month period immediately preceding the base date, a 37.89% premium on JPY 6,732, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 46.56% on JPY 6,334, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,552 on the assumption that the Target Company makes an interim dividend for the fiscal year ending March 31, 2026, as prices that are comprehensively determined taking into account the possibility of an upward revision of the Target Company's earnings forecasts after examining potential synergy effects associated with the Tender Offer and that sufficiently consider the interests of the Target Company's general shareholders. In response, on October 21, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price in order to obtain broad understanding and support from as many minority shareholders as possible, since it is an important judgment standard for the Special Committee that the interests of the Target Company's minority shareholders will be maximized even though no active market check has been conducted, and that the probability of the Transaction being consummated is sufficiently recognized considering the possibility of a countervailing tender offer by a third party other than the Tender Offeror, while the Special Committee understands that the fifth Tender Offer Price was proposed based on the perspective of ensuring the legitimate interests to be enjoyed by the Target Company's minority shareholders and that it is a price that assesses to a certain extent the intrinsic value derived from the aggregate share value of the Target Company

Shares. Subsequently, on October 24, 2025, the Target Company received a sixth proposal from the Tender Offeror to set the Tender Offer Price at JPY 9,760 (representing a premium of 35.74% on JPY 7,190, which is the closing price of the Target Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 23, 2025, the business day immediately preceding the proposal date, a 44.98% premium on JPY 6,732, which is the simple average closing price for the past one-month period immediately preceding the base date, a 44.40% premium on JPY 6,759, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 52.38% on JPY 6,405, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,877. According to the Target Company Press Release, subsequently, on October 27, 2025, the Special Committee replied that it would accept the proposal to set the Tender Offer Price at JPY 9,760 as a result of continuing careful consideration from the perspective of protecting the interests of the Target Company's minority shareholders.

According to the Target Company Press Release, furthermore, considering that the Target Company received a proposal for conclusion of a business alliance agreement among the Tender Offeror, the Target Company and Sumitomo Electric Industries in the initial letter of intent from the Tender Offeror, and recognizing that the continuation of our existing collaborative relationship with Sumitomo Electric Industries after the Transaction is an important consideration for the implementation of the Transaction from the perspective of maintaining and enhancing the corporate value of the Target Company, the Target Company conducted specific discussions regarding the business alliance with the Tender Offeror and Sumitomo Electric Industries from early September 2025 through late October 2025, in addition to the management structure and business policies following the Transaction, in parallel with the negotiations on the Tender Offer Price with the Tender Offeror mentioned above. As a result, we have entered into the Business Alliance Agreement today with the aim of maintaining and continuing the existing collaborative relationship between the Target Company and Sumitomo Electric Industries, and to develop the business alliance relationship among the Target Company, Sumitomo Electric Industries, and the Tender Offeror, thereby promoting the enhancement of the corporate value of the Target Company. For details of the Business Alliance Agreement, please refer to "(c) Business Alliance Agreement" under "(6) Matters Related to Material Agreements Concerning the Tender Offer " below.

According to the Target Company Press Release, during this review process, the Special Committee conducted multiple interviews with Sumitomo Electric Industries from late August 2025 to late September 2025 to review the possibility of options other than the Transaction, including maintaining the listing of the Target Company, in order to maintain and enhance the corporate value of the Target Company. Through these interviews, the Special Committee confirmed the background leading to Sumitomo Electric Industries' initiation of review of the Transaction and its holding policy regarding the Target Company Shares held by Sumitomo Electric Industries. During these interviews, Sumitomo Electric Industries indicated that (i) given recent developments in regulations and rules concerning listed companies with parent-subsidary relationships, it does not intend to maintain the current capital relationship between the Target Company and Sumitomo Electric Industries to resolve the structural conflict of interest between the parent company and minority shareholders of

the listed subsidiaries, (ii) although it considered making the Target Company a wholly-owned subsidiary, since there are concerns that potential dyssynergies would become apparent due to a decrease in transactions in projects for electric power companies and “separation of materials and engineering” (Note 12), and we considered that it would be difficult to establish appropriate group governance considering the corporate culture of the Target Company as a “construction company” while the Sumitomo Electric Industries Group (comprising Sumitomo Electric Industries, its subsidiaries, and affiliates) is also compelled to respond to rapid changes in its global business environment, and making the Target Company a wholly-owned subsidiary would require the realization of additional synergies, the likelihood of achieving synergies that would enhance the corporate value of the Target Company is considered low, and the option of Sumitomo Electric Industries making the Target Company a wholly-owned subsidiary is not viable, and (iii) while it also considered the option of selling only a portion of the Target Company Shares held by it to maintain the listing of the Target Company Shares while dissolving the parent-subsidary relationship, it could not identify any strategic significance in maintaining a minority stake in the Target Company. Therefore, we have been informed that it intends to sell all of its Company Shares using methods that allow for the sale of all of its Company Shares. Based on such intention of Sumitomo Electric Industries, the Target Company and the Special Committee also reviewed the appropriateness of the Target Company acquiring the Target Company Shares held by Sumitomo Electric Industries as treasury shares while maintaining the listing of the Target Company. However, we confirmed that, if such acquisition of treasury shares were implemented, there was a risk of deterioration of financial conditions in a short term due to deterioration of cash flow, etc., and that if such acquisition of treasury shares were implemented while the Target Company remained listed, it would not be possible to obtain sufficient evaluation from capital market in a short term, which would result in a decline in the share price of the Target Company and adversely affect the shareholders of the Target Company, and that Sumitomo Electric Industries could not accept such acquisition of treasury shares. Accordingly, it reached the conclusion that it would be difficult to acquire treasury shares and then maintain the listing.

(Note 1) It refers to the separation of construction materials and construction work. It is said that by separating the ordering of construction materials and construction work, it is possible to make costs transparent and perform high-quality construction at low prices.

According to the Target Company Press Release, on that basis, as described above, the Target Company and the Special Committee received an explanation from Sumitomo Electric Industries that it intends to transfer the Target Company Shares to an external partner that can contribute to further enhancing the corporate value cultivated by the Target Company Group, and that, as a result of reviewing the sale of the Target Company Shares following multiple proposals made by companies other than the Tender Offeror, we determined the Transaction by the Tender Offeror would contribute to further enhancing the corporate value of the Target Company Group in light of the status of business activities of the Tender Offeror, the global business environment, the background and intent of the proposals, future prospects and other factors and decided to hold discussions and negotiations with the Tender Offeror, and accordingly proceeded to consider whether or not to conduct the Transaction by the Tender Offeror, taking the dissolution of the capital relationship between the Target Company and Sumitomo Electric Industries as a given.

According to the Target Company Press Release, in the course of the discussions and negotiations with the Tender Offeror and Sumitomo Electric Industries described above, Nomura Securities, the Target Company's financial advisor, has responded in accordance with the discussion and negotiation policy deliberated and determined by the Special Committee. Furthermore, whenever Nomura Securities received a proposal regarding the Tender Offer Price from the Tender Offeror, Nomura Securities promptly reported to the Special Committee and responded in accordance with its instructions.

According to the Target Company Press Release, as of today, the Target Company received an advisory report (the "Advisory Report") from the Special Committee to the effect that the decision to implement the Transaction will not be detrimental to the Target Company's minority shareholders (for an overview of the Advisory Report, please see "(iii) Determinations" under "(b) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below).

According to the Target Company Press Release, in light of this background, the Target Company carefully examined and discussed at its board of directors meeting held today whether the Transaction, including the Tender Offer, would contribute to enhancing the Target Company Group's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, based on the advice from Nomura Securities and Anderson Mori & Tomotsune, the contents of the share valuation report pertaining to the share value of the Target Company Shares obtained from Nomura Securities on October 29, 2025 (the "Share Valuation Report (Nomura Securities)"), and the contents of the share valuation report pertaining to the share value of the Target Company Shares (the "Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities)") and a fairness opinion (the "Fairness Opinion") obtained by the Special Committee from Mitsubishi UFJ Morgan Stanley Securities on October [29], 2025 while respecting to the maximum extent the contents of the determinations of the Special Committee presented in the Advisory Report.

According to the Target Company Press Release, as a result, after comprehensively considering the following perspectives, the Target Company reached the conclusion that the Transaction will contribute not only to the maintenance but also to the further improvement and development of the corporate value of the Target Company Group, while mitigating the potential disadvantages arising from the dissolution of the capital relationship between the Target Company and Sumitomo Electric Industries and the delisting. The Target Company further concluded that the Transaction are the best possible means available given the dissolution of the capital relationship between the Target Company and Sumitomo Electric Industries.

According to the Target Company Press Release, first, the Target Company examined the following concerns regarding the implementation of the Transaction: (a) Sumitomo Electric Industries and the Target Company maintain significant collaborative relationships, business relations, sales support, personnel exchanges, and technical exchanges (collectively referred to as the "Collaborative Relationships"). If the capital relationship between the Target Company and Sumitomo Electric Industries is dissolved and the Target Company ceases to be a member of Sumitomo Electric

Industries Group, and the existing Collaborative Relationships between Sumitomo Electric Industries and the Target Company are not maintained or continued, there would be an adverse effect on the business operations and corporate value of the Target Company; (b) if the Target Company becomes a member of the Tender Offeror Group, the Target Company would be compelled to prioritize the projects of the Tender Offeror Group, and as a result, the Target Company will lose opportunities to receive orders from existing customers such as general contractors outside the Tender Offeror Group, and consequently, there is a risk that the Target Company would be unable to maintain the construction technology that it has developed through diverse projects across various fields; (c) the Target Company will cease to be a listed company, and will no longer be able to use the trade name bearing the "Sumitomo" name and need to change its name since it will cease to be a member of Sumitomo Electric Industries Group. This could impact the name recognition, social credibility, and ability to secure talent that the Target Company has enjoyed as a listed company. It could also affect the motivation of those within the Target Company Group who aspire to work for a listed company or who take pride in the Target Company's trade name and brand; and (d) the delisting of the Target Company may result in disadvantages such as the loss of opportunities to raise funds through equity financing in the capital markets.

According to the Target Company Press Release, with respect to (a) above, in the Business Alliance Agreement executed dated today between the Target Company, the Tender Offeror, and Sumitomo Electric Industries, the parties agreed to maintain the Collaborative Relationships between the Target Company and Sumitomo Electric Industries in the same manner as before the implementation of the Transaction for the purpose of developing the business alliance relationship between the Target Company, Sumitomo Electric Industries, and the Tender Offeror, including the consideration of new collaborations, after the Transaction. Therefore, the Target Company believes that the existing Collaborative Relationships between the Target Company and Sumitomo Electric Industries will be maintained and continued after the Transaction through the Business Alliance Agreement.

According to the Target Company Press Release, with respect to (b) above, the Tender Offeror Group is a conglomerate of comprehensive developers, construction companies, and housing manufacturers and thus act both as a project owner and contractor in the course of business. The Tender Offeror Group maintains good relationships with general contractors outside the Tender Offeror Group. Through interviews with the Tender Offeror, in order to maintain the project management methodologies and high profitability the Target Company has cultivated to date, the Target Company confirmed that (1) the Tender Offeror will respect the independence of the Target Company and preserve the Target Company's managerial autonomy, (2) decisions on whether to accept projects will remain within the Target Company's discretion, (3) orders from the Tender Offeror Group will be subject to close consultation from the planning stage, and (4) the Tender Offeror believes that by proactively maintaining and expanding business with customers outside the Tender Offeror Group, including existing customers, the construction technology of the Target Company will be maintained and enhanced, thereby contributing to the improvement in the corporate value of the Tender Offeror Group as a whole. Therefore, the Target Company believes that the impact of such concerns will be limited.

According to the Target Company Press Release, with respect to (c) above, the Target

Company confirmed that although the Tender Offeror Group does not conduct group-wide hiring and that recruitment is handled on a company-by-company basis, the Tender Offeror Group enjoys strong nationwide name recognition, brand strength and corresponding recruitment power, and has built up sufficient credibility over many years as a listed company. The Target Company also confirmed that the Tender Offeror is considering various forms of auxiliary support to help development since securing technical personnel is indispensable and critical to the Target Company's growth. Therefore, the Target Company believes that the Target Company's concerns can be mitigated.

According to the Target Company Press Release, with respect to (d) above, considering the Target Company's current financial condition and the recent low-interest rate environment in indirect financing, there is little need for equity financing through the capital market for the time being, and the Target Company has plans for fund support from the Tender Offeror as needed, in addition to indirect financing mainly from current main financing banks. Therefore, the Target Company believes that the impact of such concerns will be limited.

According to the Target Company Press Release, in addition, the benefits of the Transaction, which the Target Company believes will contribute to further improvement in the Target Company's corporate value by making the Target Company a member of the Tender Offeror Group, are as follows.

- (aa) Acquisition of Tender Offeror Group development contracts and accumulation of construction track record and technical know-how

According to the Target Company Press Release, the Tender Offeror Group undertakes numerous developments in growth areas such as data centers and semiconductor plants. By winning contracts for projects carried out by the Tender Offeror Group, the Target Company will be able to expand its business, gain trust of data center operators and other clients, and, through the accumulation of the Target Company's construction track record and know-how, expect to increase orders from companies outside the Tender Offeror Group.

According to the Target Company Press Release, furthermore, the Target Company believes that deepening collaboration through client sharing with the Tender Offeror Group, including the Tender Offeror and its subsidiary Fujita, will expand orders for both the Tender Offeror Group and the Target Company Group, and thereby enhance the corporate value of both groups.

- (bb) Business growth and stability through orders for projects undertaken by the Tender Offeror Group

According to the Target Company Press Release, given that the Tender Offeror Group is a conglomerate of comprehensive developers and construction companies that undertakes numerous projects, the Target Company believes that the Target Company's business and financial performance will grow by securing stable contracts from the Tender Offeror Group, contributing to the enhancement of the corporate value of the Tender Offeror Group as a whole. Moreover, this will increase the stability of the Target Company's business and financial performance even if the current supply-demand

imbalance where construction demand exceeds construction capacity reverses, or in the event of economic downturn.

(cc) Acquisition of overseas projects primarily in Southeast Asia

According to the Target Company Press Release, outside Japan, the Target Company has established local subsidiaries in seven countries (Indonesia, Thailand, Malaysia, the Philippines, Vietnam, China, and Cambodia) and has built a track record and earned trust of customers, including non-Japanese customers, by reliably executing contracted projects. In this context, the Target Company believes that sharing customers with the Tender Offeror Group in the countries and regions where the Target Company already operates will enable the Target Company Group to expand its order intake and thereby contribute to the enhancement of the corporate value of both groups.

According to the Target Company Press Release, the Target Company determined that the Tender Offer Price is reasonable and provides the Target Company's shareholders with a reasonable opportunity to sell their shares for the following reasons:

- (aa) The Tender Offer Price is above the range of the valuation results of the value of the Target Company Shares produced by Nomura Securities using the average market share price method, the comparable company method and the discounted cash flow method ("DCF method") as set forth in "(ii) Overview of Valuation" under "(c) Procurement by the Target Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below. The value per share obtained by dividing the total share value of the Target Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), by the Reference Number of Shares is above the range of the valuation results by the average market share price method and the comparable company method and also above the median of the range of the valuation results by the DCF method in the Share Valuation Report (Nomura Securities).
- (bb) The Tender Offer Price is above the range of the valuation results of the value of the Target Company Shares produced by Mitsubishi UFJ Morgan Stanley Securities using the average market share price method, the comparable company method and the DCF method as set forth in "(ii) Overview of Valuation" under "(d) Procurement by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below. The value per share obtained by dividing the total share value of the Target Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), by the Reference Number of Shares

is above the range of the valuation results by the average market share price method and also above the median of the range of the valuation results by the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities). The Special Committee obtained the Fairness Opinion, from Mitsubishi UFJ Morgan Stanley Securities, stating that the Tender Offer Price of JPY 9,760 is deemed fair to the Target Company's shareholders from a financial perspective.

- (cc) The Tender Offer Price represents a premium of 28.08% on JPY 7,620, which is the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, which is the Business Day immediately preceding the date of announcement of the Tender Offer, a premium of 41.16% on JPY 6,914, which is the simple average closing price for the most recent one month up to that date, a premium of 43.45% on JPY 6,814, which is the simple average closing price for the most recent three months up to that date, and a premium of 50.83% on JPY 6,471, which is the simple average closing price for the most recent six months up to that date. Although these premiums are above the median of the simple average closing price for the most recent six months up to the Business Day immediately preceding the date of announcement and lower than the average or median for other periods as compared to the premium levels (Note 3) observed in comparable transactions (Note 2) (specifically 126 cases), the deviation from the average and median of the simple average closing price for the most recent one month, most recent three months and most recent six months up to the business day immediately preceding the date of announcement is not large. Moreover, since premium levels for individual transaction fluctuate for a variety of reasons and reliance solely on a simple comparison with such comparable transactions is not necessarily appropriate for assessing reasonableness, the Target Company considers these premiums not to be unreasonable.
- (dd) The Tender Offer Price was determined following sincere and continuous discussions and negotiations between the Target Company and the Tender Offeror, after measures to ensure fairness and avoid conflicts of interest as described in "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" were sufficiently implemented and consideration was given to the interests of the Target Company's minority shareholders.
- (ee) The Special Committee, having deliberated and examined reports received from time to time from the Target Company, Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities, expressed its views on the terms of the Tender Offer and the matters to be negotiated with the Tender Offeror in order to achieve the significance and objectives of the Transaction for the Target Company, and by directly sending written communications to the Tender Offeror, substantially participated in the negotiation process regarding the terms of the Transaction, including the Tender Offer Price. As described in "(iii) Determinations" under "(b) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest," the Special Committee has expressed the judgment in the Advisory Report that the fairness and appropriateness of the terms of the Transaction, including the Tender Offer Price, are deemed to be ensured.

(Note 2) It refers to cases of tender offer aimed at taking domestic listed companies (excluding investment corporations) private that were announced on or after January 1, 2023 and for which the settlement commencement date had arrived by October 29, 2025 (excluding cases in which (i) the target company was a consolidated subsidiary or an affiliate of the tender offeror prior to the commencement of the tender offer; (ii) the tender offer was a competing bid; (iii) at the time of the tender offer announcement, the target company's board of directors had not resolved to recommend acceptance of the tender offer; (iv) the tender offer was a two-step tender offer; (v) the tender offer was implemented as a tender offer without consent; or (vi) the premium was negative for all of the following periods: the business day immediately preceding the announcement, the one-month simple average up to that date, the three-month simple average up to that date, and the six-month simple average up to that date).

(Note 3) The mean and median of the premium levels are 55.52% and 44.56% relative to the closing price on the business day immediately preceding the announcement for comparable transactions (for cases where speculative reports had been published, relative to the business day immediately preceding such reports), 56.79% and 47.83% relative to the simple average closing price for the past one-month period up to that date, 58.76% and 47.57% relative to the simple average closing price for the past three-month period up to that date, and 59.07% and 50.07% relative to the simple average closing price for the past six-month period up to that date.

According to the Target Company Press Release, based on the foregoing, the Target Company concluded that the Transaction would contribute to the enhancement of the corporate value of the Target Company Group, the Tender Offer Price is a reasonable price which ensures the interests to be enjoyed by the Target Company's shareholders, and that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity to sell their shares, and thereupon, resolved at the Target Company's board of directors meeting held today to express its opinion in support of the Tender Offer and recommend that the Target Company's shareholders tender in the Tender Offer.

For details of the resolution concerning the above-mentioned board of directors meeting, please see "(g) Approval by All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(iii) Management Policy After the Tender Offer

Following the Transaction, the Tender Offeror intends to deepen the collaborative framework with the Target Company in Japan and overseas and to implement proactive human resource development, with the aim of enhancing the corporate value of both companies. The Target Company will be positioned as one of the core companies within the Business Solutions Headquarters of the Tender Offeror Group, which oversees commercial facilities and logistics facilities, and its managerial freedom will be ensured under a spirit of independence and self-reliance, while the Tender Offer

Group will support its growth by providing the resources and business opportunities necessary for growth. The Tender Offeror intends to discuss the details with the Target Company following the Transaction.

Although Sumitomo Electric Industries will cease to be a shareholder of the Target Company following the Share Buy Back, the Tender Offeror, the Target Company, and Sumitomo Electric Industries have entered into the Business Alliance Agreement dated today for the purpose of continuing and developing the business serving electric power companies in which Sumitomo Electric Industries and the Target Company have operated in an integrated manner to date. For details of the Business Alliance Agreement, see “(c) Business Alliance Agreement” in “(6) Matters Related to Material Agreements Concerning the Tender Offer” below.

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

As of today, the Tender Offeror does not own any Target Company Shares, and the Tender Offer does not constitute a tender offer by a controlling shareholder. There is no expectation that all or some of the management of the Target Company will invest in the Tender Offeror directly or indirectly, and the Transaction, including the Tender Offer, does not constitute a so-called management buyout (MBO).

However, in light of the fact that (i) the Tender Offer is being implemented as part of the Transaction, which is intended to make the Target Company a wholly owned subsidiary and (ii) under the Transaction-Related Agreements, Sumitomo Electric Industries, the parent company of the Target Company, has agreed not to tender the Non-Tendered Shares (17,828,151 shares, ownership ratio: 50.66%) in the Tender Offer and to sell the Non-Tendered Shares in response to the Share Buy Back, it is recognized that the interests of Sumitomo Electric Industries and those of the minority shareholders of the Target Company might not necessarily coincide. Accordingly, the Tender Offeror and the Target Company have taken the following measures to ensure the fairness of the Tender Offer Price, to eliminate arbitrariness and the risk of conflicts of interest in the decision-making process leading to the decision to implement the Tender Offer, and to ensure the fairness and transparency of the Transaction.

As of today, since Sumitomo Electric Industries owns 17,828,151 Target Company Shares (ownership ratio: 50.66%), the Tender Offeror believes that setting a minimum number of shares to be purchased in the Tender Offer corresponding to a so-called “majority of minority” condition would make the successful completion of the Tender Offer unstable and could conversely fail to benefit the minority shareholders of the Target Company that intend to sell their Target Company Shares through the Tender Offer. Accordingly, no minimum number of shares to be purchased equivalent to a “majority of minority” has been set in the Tender Offer. However, since the Tender Offeror and the Target Company have respectively taken the following measures, the Tender Offeror believes that sufficient consideration has been given to the interests of the minority shareholders of the Target Company.

Further, in the following descriptions, the measures taken by the Target Company are based on the explanation received from the Target Company.

- (a) Share Valuation Report Obtained by the Tender Offeror from an Independent Third-Party Appraiser

In determining the Tender Offer Price, the Tender Offeror appointed Mizuho Securities, its financial advisor and third-party appraiser independent from the Tender Offer-Related Parties, to conduct a valuation of the Target Company Shares. Mizuho Securities is not a related party of any of the Tender Offer-Related Parties and does not have any material interest in the Tender Offer. [In addition, the Tender Offeror has not obtained a fairness opinion regarding the fairness of the Tender Offer Price (the “Fairness Opinion”) from Mizuho Securities as the Tender Offeror believes that sufficient consideration has been given to the interests of the minority shareholders of the Target Company after comprehensively considering the factors described in “(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest.”]

For a summary of the share valuation report on the shares of the Target Company obtained by the Tender Offeror from Mizuho Securities (the “Share Valuation Report (Mizuho Securities)”), see “Basis of Calculation” in “(5) Basis for the Calculation of the Tender Offer Price” in “2 Outline of the Tender Offer” below.

- (b) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee
 - (i) Background of Establishment of the Committee

According to the Target Company Press Release, prior to the Target Company's board of directors deliberating and voting on whether or not to proceed with the Transaction, in order to eliminate the arbitrariness of the decision-making for the Transaction at the Target Company, which is a listed company, and to establish the fairness, transparency, and objectivity of the decision-making process of the Target Company, by resolution of the board of directors meeting held on July 22, 2025, the Target Company established the Special Committee consisting of four members, namely, Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, and Mr. Hirofumi Yasuhara (Company's independent outside directors) and Mr. Takuma Usui (Company's independent outside audit & supervisory board member). The Target Company appointed these four persons as members of the Special Committee from the beginning of its establishment so that the composition of the Special Committee as a whole would ensure a balance of knowledge, experience and ability, and the Target Company has not changed the members of the Special Committee. Further, in selecting the members of the Special Committee, the Target Company has confirmed that Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, Mr. Hirofumi Yasuhara and Mr. Takuma Usui do not have any material interests in any of the Tender Offeror-Related Parties. In addition, Mr. Rikiya Hattori, an independent outside director of the Target Company, has been appointed as the chair of the Special Committee by mutual election of the members of the Special Committee.

According to the Target Company Press Release, the compensation of the members of the Special Committee is a fixed amount and does not include a performance fee that are contingent upon the announcement or consummation of the Transaction, including the Tender Offer.

According to the Target Company Press Release, in addition, as stated in "(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework" under "(b) Decision-Making Process and Reasons Leading to the Target Company to Support the Tender Offer" under "(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management

Policy Following the Tender Offer," the Target Company requested the Special Committee to consult on the Consultation Matters. Furthermore, the Target Company's board of directors has resolved to grant the following authorities to the Special Committee: (i) the authority to substantially participate in the negotiation process, and, as necessary, conduct negotiations directly by itself, regarding the terms and conditions of the Transaction and other matters by confirming the policy in advance, receiving reports on the status of the negotiation in a timely manner, expressing opinions, and providing instructions and making requests; (ii) the authority to appoint its own financial advisors, third-party appraisers and legal advisors and to seek their advice at the expense of the Target Company when the Special Committee deems it necessary; (iii) the authority to approve (including ex-post facto approval) the financial advisors, third-party appraisers and legal advisors appointed by the Target Company; (iv) the authority to seek professional advice from the financial advisors, third-party appraisers and legal advisors appointed by the Target Company; and (v) the authority to receive information necessary for the consideration and judgment of the Transaction from the Target Company's officers and employees (including the authority to request the attendance of persons deemed necessary by the Special Committee at the meetings of the Special Committee and to request explanations about necessary information). In addition, in consulting with the Special Committee, the decision-making of the Target Company's board of directors regarding the Transaction shall be made with the utmost respect for the judgment of the Special Committee, and if the Special Committee determines that the purpose of the Transaction is not reasonable or the terms and conditions of the Transaction are not appropriate, the Target Company's board of directors has resolved not to approve the implementation of the Transaction. Based on the authority stated in (ii) above, on September 17, 2025, the Special Committee decided to appoint Mitsubishi UFJ Morgan Stanley Securities, Inc., a financial advisor and third-party appraiser independent of either the Tender Offer Related-Parties or the success or failure of the Transaction, as its own financial advisor and third-party appraiser.

(ii) Background of Examination

According to the Target Company Press Release, the Special Committee met a total of 20 times between July 22, 2025 and October 29 of the same year, for a total of approximately 30 hours, discussing and considering the Consultation Matters, as well as exchanging opinions via e-mail and other means among the members of the Special Committee as needed between meetings.

According to the Target Company Press Release, specifically, the Special Committee has confirmed that Nomura Securities, which is the Target Company's financial advisor, and Anderson Mori & Tomotsune, which is the Target Company's legal advisor, are not related parties of the Tender Offer-Related Parties, and do not have any material interests in the Transaction, including the Tender Offer, and do not have any other problem regarding the independence and expertise in connection with the Transaction, and then, the Special Committee approved their appointment, and the Special Committee has confirmed that the committee may also receive expert advice as necessary.

According to the Target Company Press Release, furthermore, the Special Committee approved the internal system established by the Target Company to consider the Transaction (including the scope and duties of the officers and employees of the Target Company who will be involved in the consideration, negotiation and judgment

concerning the Transaction) after confirming that there was no problem from the viewpoint of independence.

According to the Target Company Press Release, during the course of negotiations on the Transaction, the Special Committee conducted interviews with the Tender Offeror regarding the background, purpose and significance of the Transaction, the structure and terms of the Transaction, and the management structure, management policy and employee treatment after the Transaction. The Special Committee also conducted interviews with Sumitomo Electric Industries, which is the Target Company's parent company, regarding such matters as the Target Company's business environment, management challenges, the background of the Transaction, the creation of effects that will enhance corporate value through the Transaction, the impact on the Target Company's business, and the relationship with the Target Company after the Transaction. In addition, the Special Committee confirmed with the Target Company the Target Company's opinion regarding the Target Company's business environment, management challenges, and the background, purpose and significance of the Transaction, based on the contents of the proposal by the Tender Offeror regarding the Transaction.

According to the Target Company Press Release, in addition, the Special Committee received an explanation of the Business Plan from the Target Company and conducted a question-and-answer session to confirm the reasonableness of the Business Plan. Furthermore, the Special Committee received explanations on the calculation method and results of the share valuation of the Target Company Shares from Nomura Securities, the Target Company's financial advisor and third-party appraiser, and MUFG Morgan Stanley Securities, the Special Committee's financial advisor and third-party appraiser, and conducted a question-and-answer session, deliberation and consideration to confirm the reasonableness thereof. In addition, the Special Committee received an explanation from Anderson Mori & Tomotsune, the Target Company's legal advisor, regarding the legal considerations in making a decision on the Transaction, including the Tender Offer, in the Target Company, and considered the same.

According to the Target Company Press Release, furthermore, the Special Committee is substantially involved in the negotiation process regarding the terms and conditions of the Transaction, including the Tender Offer Price, by, for example, deliberating and considering negotiations with the Tender Offeror based also on reports received from the Target Company and Nomura Securities from time to time, expressing its opinion on the terms and conditions of the Tender Offer and matters that should be discussed with the Tender Offeror in order to achieve the significance and purpose of the Transaction for the Target Company, and sending documents directly from the Special Committee to the Tender Offeror.

(iii) Determinations

According to the Target Company Press Release, under the circumstances set forth above, the Special Committee has carefully examined and discussed the Consultation Matters, and as a result, submitted the Advisory Report to the Target Company's board of directors as of today with the unanimous consent of all members, containing the following provisions:

(x) Contents of Advisory Report

- (aa) It is considered that the Transaction will contribute to the enhancement of the corporate value of the Target Company and the purpose of the Transaction is reasonable;
- (bb) It is considered that the fairness and reasonableness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) are ensured;
- (cc) It is considered that the fairness of the procedures related to the Transaction is ensured;
- (dd) It is considered that, based on (aa) through (cc) above, the decision by the Target Company's board of directors to proceed with the Transaction is not considered disadvantageous to the Target Company's minority shareholders; and
- (ee) The Target Company's Board of Directors expressing its opinion in favor of the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer is considered reasonable.

(y) Reasons for Advisory Report

(aa) Enhancement of Corporate Value and Reasonableness of Purpose

As a basis, the Special Committee has heard from the Target Company that concerns should arise, primarily including the following, if the Transaction were to be implemented: (i) Sumitomo Electric Industries and the Target Company maintain significant Collaborative Relationships. If the capital relationship between the Target Company and Sumitomo Electric Industries is dissolved and the Target Company ceases to be a member of Sumitomo Electric Industries Group, and the existing Collaborative Relationships between Sumitomo Electric Industries and the Target Company are not maintained or continued, there would be an adverse effect on the business operations and corporate value of the Target Company; (ii) if the Target Company becomes a member of the Tender Offeror Group, the Target Company would be compelled to prioritize the projects of the Tender Offeror Group, and as a result, the Target Company will lose opportunities to receive orders from existing customers such as general contractors outside the Tender Offeror Group, and consequently, there is a risk that the Target Company would be unable to maintain the construction technology that it has developed through diverse projects across various fields; and (iii) the Target Company will cease to be a listed company, and will no longer be able to use the trade name bearing the "Sumitomo" name and need to change its name since it will cease to be a member of Sumitomo Electric Industries Group. This could impact the name recognition, social credibility, and ability to secure talent that the Target Company has enjoyed as a listed company. It could also affect the motivation of those within the Target Company Group who aspire to work for a listed company or who take pride in the Target Company's trade name and brand. Since the Target Company is recognized to have reasonable cause for concern, the Special Committee conducted multiple interviews with Sumitomo Electric Industries to review the possibility of options other than the Transaction, including maintaining the listing of the Target Company, and confirmed the background leading to

Sumitomo Electric Industries' commencing consideration of the Transaction and its policy on holding the Target Company Shares.. As a result, (i) the Special Committee have been informed that Sumitomo Electric Industries intends to sell all of its Company Shares,. (ii) Sumitomo Electric Industries reached the conclusion that it would be difficult for the Target Company to buy back shares and then maintain the listing, and (iii) as a result of reviewing multiple proposals made by Sumitomo Electric Industries, the Special Committee determined the Transaction by the Tender Offeror would contribute to further enhancing the corporate value of the Target Company Group and decided to hold discussions and negotiations with the Tender Offeror, and accordingly proceeded to consider whether or not to conduct the Transaction by the Tender Offeror, taking the dissolution of the capital relationship between the Target Company and Sumitomo Electric Industries as a given.

Under the foregoing circumstances, the Special Committee examined whether the Transaction will contribute to the enhancement of the corporate value of the Target Company and whether the purpose of the Transaction is reasonable, taking into account the Target Company's recognition of the business environment and management challenges as well as synergies and other effects of the Transaction. As a result, the Special Committee came into a conclusion that it can be said that the synergies assumed from the Transaction are reasonable and that the implementation of the Transaction is expected to contribute to the resolution of management challenges recognized by the Target Company (i.e., securing of construction capabilities and securing of human resources therefor) to a certain extent, and the dyssynergies assumed from the Transaction do not go so far as to deny the reasonableness of the purpose of the Transaction. Therefore, the Special Committee came into a conclusion that the Transaction will contribute to the enhancement of the corporate value of the Target Company and that the purpose of the Transaction is reasonable.

- Regarding the business environment surrounding the Target Company Group, the Target Company anticipates steady private sector capital investment, driven by the further expansion of the data center market due to the advancement of the digital society, redevelopment in major metropolitan areas, and increased hotel demand stemming from the recovery and growth of inbound demand. The Target Company also anticipates increased demand for trunk line renewal and reinforcement work to accommodate the expansion of renewable energy and the resulting increase in storage batteries and power transmission volume. However, the current environment remains uncertain, with factors such as rising labor costs and equipment prices, trade friction triggered by U.S. tariff policies, and global economic stagnation. The Target Company recognizes the need to closely monitor future social conditions and market trends. The Target Company's management challenges are to secure sufficient construction capabilities and human resources. To secure human resources, the Target Company is taking various measures ahead of other companies in the same industry in recruiting new graduates and career professionals. There are no points with regard to the Target Company's recognition of the business environment and management challenges described above that are inconsistent or clearly contrary to the objective facts. Therefore, in general terms, the Target Company's implementation of measures to contribute to securing construction capabilities and human resources, which have been undertaken by the Target Company, as part of its strategy for resolving the above-mentioned management challenges and for

realizing the management challenges, will contribute to the enhancement of the corporate value of the Target Company.

- The specific synergies that the Tender Offeror expects under the Transaction include expansion of the electrical construction business and the information and communications business, which are key focus areas and further growth of overseas operations, primarily in Southeast Asia. Furthermore, the specific synergies that the Target Company considers to be feasible under the Transaction include acquisition of Tender Offeror Group development contracts and accumulation of construction track record and technical know-how, business growth and stability through orders for projects undertaken by the Tender Offeror Group, and acquisition of overseas projects primarily in Southeast Asia. The above-mentioned expected synergies are consistent with each other and clearly contrary to objective facts and are considered to be reasonable.
- In the three major concerns assumed as dyssynergies from the Transaction, (i) with respect to the concerns regarding the maintenance and continuation of the Collaborative Relationships with Sumitomo Electric Industries, in the Business Alliance Agreement, the parties would agree to [maintain the Collaborative Relationships between the Target Company and Sumitomo Electric Industries in the same manner as before the implementation of the Transaction for the purpose of developing the business alliance relationship between the Target Company, Sumitomo Electric Industries, and the Tender Offeror, including the consideration of new collaborations, after the Transaction]. Therefore, the Special Committee believes that the existing Collaborative Relationships between the Target Company and Sumitomo Electric Industries will be maintained and continued after the Transaction through the Business Alliance Agreement. With respect to (ii) the concerns regarding the discretion to make decisions on whether to accept projects and the maintenance of construction technology, the Tender Offeror Group is a conglomerate of comprehensive developers, construction companies, and housing manufacturers and thus act both as a project owner and contractor in the course of business. The Tender Offeror Group maintains good relationships with general contractors outside the Tender Offeror Group. The Special Committee confirmed that (1) the Tender Offeror will respect the independence of the Target Company and preserve the Target Company's managerial autonomy, (2) decisions on whether to accept projects will remain within the Target Company's discretion, (3) orders from the Tender Offeror Group will be subject to close consultation from the planning stage, and (4) the Tender Offeror believes that by proactively maintaining and expanding business with customers outside the Tender Offeror Group, including existing customers, the construction technology of the Target Company will be maintained and enhanced, thereby contributing to the improvement in the corporate value of the Tender Offeror Group as a whole. Therefore, the Special Committee believes that the impact of such concerns will be limited. With respect to (iii) the concerns regarding delisting and trade name change, the Special Committee confirmed that although the Tender Offeror Group does not conduct group-wide hiring and that recruitment is handled on a company-by-company basis, the Tender Offeror Group enjoys strong nationwide name recognition, brand strength and corresponding recruitment power, and has built up sufficient credibility over many years as a listed company. The Special Committee also confirmed that the Tender Offeror is considering various forms of auxiliary support to help development since

securing technical personnel is indispensable and critical to the Target Company's growth. Therefore, the Special Committee believes that the Target Company's concerns can be complemented. In light of the above, it cannot be said that the possibility of actual occurrence of the dyssynergies mentioned in (i) through (iii) above is high, and it is considered that even if they occur, the impact of such dyssynergies on the Target Company's business would be limited. Therefore, the Special Committee believes that the dyssynergies assumed from the Transaction do not deny the reasonableness of the purpose of the Transaction.

(bb) Fairness and Reasonableness of the Terms of the Transaction

Considering the following points, the reasonableness of the Tender Offer Price is confirmed, based on the Share Valuation Report (Nomura Securities), the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the Fairness Opinion, and assuming that the negotiation status, scheme, and other factors of the Transaction are reasonable. Also, the fairness and reasonableness of the terms of the Transaction (including the manner in which the Transaction will be implemented and the purchase price in the Tender Offer) are confirmed to be secured since it is ensured that the consideration received by the general shareholders will be the same as the Tender Offer Price per Company Share, regardless of whether the consideration is received by the general shareholders through the Tender Offer or the Squeeze-Out Procedures.

- The Special Committee, taking advice from Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities, conducted negotiations with the Tender Offeror based on the initial offer price (8,287 yen per share) by the Tender Offeror and the tentative share valuation results by Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities. As a result, the Special Committee obtained proposals to increase the Tender Offer Price five times and the Tender Offer Price (9,760 yen per share) has been finally agreed upon. As such, the final Tender Offer Price represents a considerable increase from the price initially offered by the Tender Offeror and it can be recognized that the Target Company and the Special Committee negotiated with the aim of conducting the Transaction on transaction terms as favorable as possible to general shareholders. Based on the above, it can be inferred that the agreement on the Tender Offer Price for the Transaction was reached by the Target Company, the Special Committee, and the Tender Offeror as a result of negotiations that are substantially equivalent to arm's-length negotiations and are based on objective and consistent discussions, and there are no circumstances that would make doubtful the transparency and fairness of the agreement process.
- The Business Plan is prepared on a standalone basis, not assuming implementation of the Transaction, and has been prepared based on the financial forecasts for the period from the fiscal year ending March 2026 to the fiscal year ending March 2029, which are presented in the Target Company's Medium-Term Management Plan, published on May 9, 2025, prior to the receipt of the Initial Letter of Intent dated June 30, 2025, and the figures published in the Medium-Term Management Plan have not been revised. No fact exists that the Tender Offeror or Sumitomo Electric Industries or their relevant parties were involved in or had an influence on the preparation of the Business Plan. No fact exists that the Business Plan was prepared or amended on instruction of or in response to the intent of the Tender Offeror. Although detailed explanation concerning the grounds, etc. for the Business Plan

and a question-and-answer session were held by the Target Company, no circumstance that requires amendment of the Business Plan or any other circumstance that raises doubts regarding the reasonableness of the Business Plan was found. From the foregoing, the preparation of the Business Plan had been proceeding even before the possibility of the Transaction was specifically recognized in the Target Company, and there is no fact that pressure from the Tender Offeror and Sumitomo Electric Industries or their related parties was involved in the preparation process of the Business Plan, and there is no point that the contents of the Business Plan are unreasonable forecasts. The Special Committee was also explained by the Target Company that the financial results of the Target Company for the period from April 1, 2025 to September 30, 2025 (interim consolidated accounting period) are expected to exceed the most recently disclosed consolidated financial earnings forecasts for the second quarter (interim period) of the fiscal year ending March 2026, and there is a possibility that an upward revision to the full-year consolidated earnings forecasts for the fiscal year ending March 2026 may be necessary, and the revision of the consolidated earnings forecasts for the second quarter and the full year of the fiscal year ending March 2026 is due mainly to the improvement in profitability of the ongoing projects in the fiscal year ending March 2026 and therefore, there is no need to make any revision to the business plans for the following years, and that the share value of Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities was calculated using the figures for the fiscal year ending March 2026 which take the revision of the earnings forecasts into account, and the Special Committee confirmed that there was no unreasonable point in the Target Company's explanation that there was no need to revise the Business Plan.

- With respect to the Share Valuation Report (Nomura Securities), prepared by Nomura Securities, according to interviews with Nomura Securities, the valuation technique adopted by Nomura Securities is a corporate value valuation technique based on a going concern assumption, and specifically, Nomura Securities adopted the average market share price method, the comparable company method, and the DCF method. The combination of valuation techniques that grasp the valuation upper limit by the DCF method, which incorporates the present value of future cash flows into the valuation based on the market price, is in line with the standard approach for corporate valuation and appropriate. With respect to the average market share price method, the stock price valuation period used in Nomura Securities' calculation is appropriate. The price range calculated by the average market share price method is deemed to be sufficiently reasonable, judging from the fact that there have been no significant fluctuations that seem to be due to special factors and there have been no particularly unusual movements in the stock price of the Target Company. With respect to the comparable company method, Nomura Securities provided an explanation that comparable listed companies were selected based on the Target Company's recognition and the market's assessment, and there were no particularly unreasonable points in such explanation, and the price range calculated based on each multiple of comparable listed companies of the Target Company is deemed to be sufficiently reasonable. With respect to the DCF method, Nomura Securities uses the perpetual growth rate method and the multiple method. With respect to the various calculation bases used in the DCF method, no particularly noteworthy arbitrary numerical manipulation or unreasonable assumptions were found. Therefore, there was no unreasonable point in respect of the choice between the average market share price method, the comparable

company method and the DCF method (the perpetual growth rate method and the multiple method), and in respect of the calculation methods and basis for each of them. Therefore, the Special Committee believes that it may rely on the Share Valuation Report (Nomura Securities), prepared by Nomura Securities, in considering the share value of the Target Company Shares. Further, with respect to the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), prepared by Mitsubishi UFJ Morgan Stanley Securities, according to interviews with Mitsubishi UFJ Morgan Stanley Securities, the valuation technique adopted by Mitsubishi UFJ Morgan Stanley Securities is a corporate value valuation technique based on a going concern assumption, and specifically, Mitsubishi UFJ Morgan Stanley Securities adopted the market price standard method, the comparable company method, and the DCF method. The combination of valuation techniques that grasp the valuation upper limit by the DCF method, which incorporates the present value of future cash flows into the valuation based on the market price, is in line with the standard approach for corporate valuation and appropriate. With respect to the market price standard method, the stock price valuation period used in Mitsubishi UFJ Morgan Stanley Securities' calculation is appropriate, and the price range calculated by the market price standard method is deemed to be sufficiently reasonable, judging from the fact that there have been no significant fluctuations that seem to be due to special factors and there have been no particularly unusual movements in the stock price of the Target Company. With respect to the comparable company method, Mitsubishi UFJ Morgan Stanley Securities provided an explanation that comparable listed companies were narrowed down based on data from information vendors as well as financial data and business contents of each company and were selected based on similarity in customer base and growth potential, market evaluation and other factors, and there were no particularly unreasonable points in such explanation. The price range calculated based on each multiple of comparable listed companies of the Target Company is deemed to be sufficiently reasonable. With respect to the DCF method, although Mitsubishi UFJ Morgan Stanley Securities uses the multiple method, there were no particularly noteworthy arbitrary numerical manipulations or unreasonable assumptions with respect to the calculation bases used in the DCF method, and Mitsubishi UFJ Morgan Stanley Securities does not use the perpetual growth rate method for the DCF method, and the Special Committee was provided with an explanation from Mitsubishi UFJ Morgan Stanley Securities that it generally does not use the perpetual growth rate method as part of its policies because it is practically difficult to determine the perpetual growth rate based on specific grounds. There was nothing particularly unreasonable in such explanation, and the Special Committee concludes that it is not particularly unreasonable that the perpetual growth rate method was not used. Therefore, there was no unreasonable point in respect of the choice between the market price standard method, the comparable company method and the DCF method (the multiple method), and in respect of the calculation methods and basis for each of them. Therefore, the Special Committee believes that it may rely on the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), prepared by Mitsubishi UFJ Morgan Stanley Securities, in considering the share value of the Target Company Shares. Based on the above, the Tender Offer Price, i.e., 9,760 yen per share, is above both the upper valuation range under the average market share price method, the comparable company method and the DCF method in the Share Valuation Report (Nomura Securities) and the upper valuation range under the market price standard method, the comparable company method and the DCF

method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the share value per share, which is calculated by dividing, by the Reference Number of Shares, the total share value of the Target Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), is above the range of the valuation results by the average market share price method and the comparable company method in the Share Valuation Report (Nomura Securities) and the range of the valuation results by the market price standard method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and is above the median of the range of the valuation results by the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities). Therefore, the Tender Offer Price is considered to be a reasonable price that secures the benefits to be enjoyed by the minority shareholders of the Target Company, also in light of a comparison with the share values of the Target Company Shares calculated by Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities.

- The premium of the Tender Offer Price is, as compared to the premium levels observed in the comparable transactions, above the median of the simple average closing price for the most recent six months up to the Business Day immediately preceding the date of announcement of the Tender Offer, and is lower than other averages and medians, but deviation from the average and median of the simple average closing price for the most recent one month, most recent three months and most recent six months up to the business day immediately preceding the date of announcement is not large. Moreover, since premium levels for individual transaction fluctuate for a variety of reasons and reliance solely on a simple comparison with such comparable transactions is not necessarily appropriate for assessing reasonableness, the Special Committee considers this premium level not to be unreasonable.
- The Special Committee has obtained the Fairness Opinion from Mitsubishi UFJ Morgan Stanley Securities, which stated its opinion that the Tender Offer Price is reasonable for the Target Company's shareholders from a financial perspective. There is nothing unreasonable in the issuance procedures or contents of the Fairness Opinion, which further supports the fairness and reasonableness of the Tender Offer Price.
- The method of the Transaction is generally adopted for going-private transactions of this nature, and in the case of a share consolidation which is expected as a second step, it is possible to file a petition with the court for the determination of the price after exercising the right to demand share purchase. In addition, since the consideration to be received by the shareholders is cash, the method of the Transaction is desirable in terms of the simplicity of understanding of the consideration and the high stability and objectivity of the value thereof, and is more desirable than organizational restructuring such as share exchange, in particular, in consideration of the Shares, in terms of being able to achieve both the requirement of swiftly making the Target Company a wholly-owned subsidiary and the securing of opportunity and time for general shareholders, etc. to make appropriate decisions

based on sufficient information. Based on the above, it is reasonable to adopt a two-step takeover involving a tender offer as the method of acquisition and cash consideration for the acquisition. Furthermore, according to the Tender Offeror, in the Transaction, after the Squeeze-Out Procedures become effective, the Target Company is expected to acquire all of the Target Company Shares held by Sumitomo Electric Industries through the Share Buy Back, and Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed in the Corporation Tax Act, and taking this into account, the maximization of the Tender Offer Price has been ensured by allocating a greater distribution to the minority shareholders of the Target Company. There is nothing unreasonable in the Tender Offeror's explanation, and since the Target Company intends to maximize the Tender Offer Price through the combination of the Share Buy Back, it is reasonable to adopt the scheme of the Share Buy Back.

(cc) Fairness of the Procedures

Taking the following points into account, with regard to the Transaction, (i) in the process of formulating the transaction terms, a situation that can be said to be substantially arm's length transaction is secured, and (ii) substantial fairness ensuring measures have been adopted and effectively operated in terms of securing opportunities for general shareholders to make appropriate decisions based on sufficient information. Taken as a whole, the fairness ensuring measures adopted can be evaluated as the procedures sufficient to ensure the fairness of the transaction terms. In conclusion, it can be recognized that sufficient consideration has been given to the interests of the shareholders of the Target Company through fair procedures in the Transaction.

- (1) The Special Committee was established as soon as practicable after the takeover offer was received from the offeror; (2) the members of the Special Committee consist of four members, including three independent outside directors and one independent outside audit & supervisory board member, and it is confirmed that each member is independent of the Tender Offeror, Sumitomo Electric Industries and the success or failure of the Transaction; (3) the Special Committee is authorized to negotiate in relation to the transaction terms of the Transaction and conducts negotiations directly by itself, and is authorized to substantially participate in the negotiation process in relation to the transaction terms of the Transaction by receiving reports on the situation in a timely manner, stating its opinions at important points and giving instructions and requests and so forth, and thereby ensuring a situation where the Special Committee can substantially influence the negotiation process in relation to the transaction terms; (4) the Special Committee has confirmed that it seeks professional advice or explanations from Nomura Securities as the Target Company's financial advisor and third-party appraiser and Anderson Mori & Tomotsune as the Target Company's legal advisor, after confirming that there is no problem in their independence, and pursuant to the authority granted to the Special Committee, the Special Committee has appointed Mitsubishi UFJ Morgan Stanley Securities as its own financial advisor and third-party appraiser after confirming that there is no problem in their independence, and has requested Mitsubishi UFJ Morgan Stanley Securities to express its opinion on the valuation of the shares of the Target Company and the fairness of the Tender Offer Price from a financial perspective; (5) the Special Committee has sent its questions to the Tender Offeror and Sumitomo Electric Industries and obtained their answers, received explanations

from the executives of the Target Company and obtained information necessary for its consideration and judgment; (6) the compensation of the members of the Special Committee is a fixed amount and no incentive fees are adopted; (7) the Target Company's board of directors has resolved that any decision made by the Target Company's board of directors with respect to the Transaction shall be made with the utmost respect for the determinations of the Special Committee, and if the Special Committee determines that the purpose of the Transaction is unreasonable or that the transaction terms are inappropriate, the implementation of the Transaction shall not be approved, it is considered that the Special Committee is effectively functioning as a fairness ensuring measure.

- (i) After receiving the Initial Letter of Intent from the Tender Offeror on June 30, 2025, the Target Company established a project team to consider the Transaction (including preparation of the Business Plan) and to conduct discussions and negotiations with the Tender Offeror. The project team do not include officers and employees of the Target Company who are also officers and employees of Sumitomo Electric Industries or officers and employees of the Target Company who are former employees of Sumitomo Electric Industries (including Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, who are also directors of the Target Company). (ii) At the board of directors meeting held on [October 30], 2025, the six directors of the Target Company who participated in deliberation and resolution, excluding Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, are expected to unanimously resolve to express their opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, and all of the five audit & supervisory board members (of which three outside audit & supervisory board members) present at such board of directors meeting are expected to state the opinion that they had no objection to such resolution. (iii) Mr. Makoto Tani, Mr. Tetsunari Shimada, and Mr. Kenichi Shimada are alumni of Sumitomo Electric Industries, and, therefore, will not participate in the above-mentioned deliberations and resolutions of the board of directors in order to eliminate, as much as possible, any possibility of being affected by issues of structural conflicts of interest in the Transaction, and have not participated in any examination of the Transaction or discussions or negotiations with the Tender Offeror from the standpoint of the Target Company. (iv) Although it is resolved that the Target Company shall establish the Special Committee and obtain its opinion, it is further resolved that the Target Company's board of directors shall make its decision regarding the Transaction with the utmost respect for the determinations of the Special Committee and that it will not agree to the Transaction if the Special Committee determines that any transaction terms of the Transaction are unreasonable. Based on the above, arbitrariness in the Target Company's decision making regarding the Transaction is eliminated, and fairness, transparency and objectivity are secured in the decision making process.
- The Target Company appointed Anderson Mori & Tomotsune as legal advisor independent of the Target Company, the Tender Offeror, Sumitomo Electric Industries, and the success or failure of the Transaction, and received from said law firm advice regarding the establishment of the special committee, appointment of its members and other fairness ensuring measures.

- The Target Company has obtained the Share Valuation Report (Nomura Securities) from Nomura Securities, which is the third-party appraiser independent of the Target Company, the Tender Offeror, Sumitomo Electric Industries and the success or failure of the Transaction the Target Company, as materials regarding the share value of the Target Company Shares.
- The Special Committee has obtained the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) from Mitsubishi UFJ Morgan Stanley Securities, which is the third-party appraiser independent of the success or failure of the Transaction, as materials regarding the share value of the Target Company Shares. The Special Committee has also obtained the Fairness Opinion from Mitsubishi UFJ Morgan Stanley Securities as an opinion regarding the fairness of the Tender Offer Price from a financial perspective.
- The Tender Offeror has set the Tender Offer Period at 30 business days. According to the Tender Offeror, by setting the Tender Offer Period longer than the statutory minimum period, the Tender Offeror intends to ensure the fairness of the Tender Offer by securing an opportunity for the shareholders of the Target Company to make an appropriate decision on whether to tender their shares in the Tender Offer and also to secure an opportunity for parties other than the Tender Offeror ("Competing Bidders") to make countervailing purchases of the Target Company Shares. Furthermore, since the Tender Offeror and the Target Company have not entered into any agreement, such as an agreement containing a transaction protection clause that prohibits the Target Company from contacting any Competing Bidders or otherwise restricts any such Competing Bidders from contacting the Target Company, a so-called indirect market check has been conducted for the Transaction by conducting M&A after creating an environment in which other potential acquirers could make counteroffers after the announcement. In addition, according to the interview with Sumitomo Electric Industries and other information, Sumitomo Electric Industries received multiple proposals for the sale of the Target Company Shares in addition to the proposals on the Transaction from the Tender Offeror, and has considered the acquisition from the perspective of whether it would contribute to the enhancement of the Target Company's corporate value, in consideration of the Target Company's attributes, management methods and business environment, intentions and backgrounds, and then entered into discussions with the Target Company and the Tender Offeror. Given the situation that Sumitomo Electric Industries owns more than 50% of the Target Company Shares, it is difficult to acquire the Target Company without the cooperation and consent of that company. Given that Sumitomo Electric Industries compared proposals from multiple companies other than the Tender Offeror and selected to conduct the Transaction with the Tender Offeror, it is not unreasonable that the Target Company did not actively conduct market checks.
- With respect to the Transaction, the disclosure documents are expected to provide substantial information regarding the content of authority granted to the Special Committee, the background of discussions by the Special Committee, the status of involvement in the process of negotiation of the transaction terms with the Tender Offeror, the content of the Advisory Report, the compensation structure of the members of the Special Committee, the outlines of the Share Valuation Report (Nomura Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan

Stanley Securities), the process leading to the implementation of the Transaction and the background of negotiations, etc., and it is considered that important judgmental materials that contribute to the judgment of the reasonableness of the transaction terms have been provided to the shareholders of the Target Company.

- If the Tender Offeror is unable to acquire all of the Target Company Shares through the Tender Offer, the Tender Offeror intends to request that the Target Company, promptly after the completion of the settlement of the Tender Offer, convene an extraordinary general meeting of shareholders that will include on its agenda a proposal for the Share Consolidation. Considering that, upon the Share Consolidation, the cash to be delivered to the shareholders of the Target Company as consideration is to be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each shareholder and that the right to demand share purchase and to file a petition for a court to determine the price is secured for the shareholders of the Target Company who are opposed to the Tender Offer, it is deemed that consideration has been given to avoid creating coercive pressure. For the avoidance of doubt, the minimum number of shares to be purchased in the Tender Offer has not been set at a number which, together with the Target Company Shares held by Sumitomo Electric Industries, would ensure a number of voting rights equivalent to two-thirds of the total number of voting rights of the Target Company Shares. If, after the consummation of the Tender Offer, the total number of voting rights of the Target Company held by the Tender Offeror and Sumitomo Electric Industries falls below two-thirds of the total number of voting rights of all shareholders of the Target Company, it is theoretically possible that the proposal for the Share Consolidation will not be approved at an extraordinary general meeting of shareholders of the Target Company. However, taking into account the ratio of exercise of voting rights at the annual general meetings of shareholders of the Target Company over the past five years, it is considered probable that the proposal for the Share Consolidation will be approved even if the Tender Offeror acquires in the Tender Offer the Target Company Shares corresponding to the minimum number of shares to be purchased, and even if the proposal for the Share Consolidation is not approved, the Tender Offeror plans to additionally acquire the Target Company Shares by way of on-market purchases or off-market purchases up to the level where the proposal for the Share Consolidation is realistically approved at the general shareholders meeting of the Target Company, and then to make the Target Company a wholly-owned subsidiary by way of the Share Consolidation. In this light, it is considered that consideration has been given to avoid creating coercive pressure, given that in substance the right of the shareholders of the Target Company who are opposed to the proposal for the Share Consolidation and the corresponding right to file a petition for a court to determine the price are secured.
- In the Tender Offer, there is no plan to set a minimum number of shares to be purchased corresponding to the so-called "Majority of Minority," but in the Transaction, while the Tender Offeror as the acquirer does not currently hold shares in the Target Company, with respect to the Target Company Shares held by the Target Company's parent company, Sumitomo Electric Industries, the Non-Tender Agreement will be entered into between Sumitomo Electric Industries and the Tender Offeror to the effect that Sumitomo Electric Industries will not tender its shares in the Tender Offer, and in light of the Target Company Shares held by

Sumitomo Electric Industries, there is a concern that the establishment of the Majority of Minority terms may have an adverse effect on the Transaction, and in light of the fairness ensuring measures other than mentioned above having been taken, it is considered that a considerable degree of consideration has been given to the minority shareholders of the Target Company, even if the Majority of Minority terms have not been adopted.

- (dd) The Special Committee considers that the matters requested to be examined in (aa) through (cc) above are to be taken into consideration when examining (dd) above. As stated in (aa) through (cc) above, as a result of the examination by the Special Committee, the Special Committee does not find any problem with respect to (aa) through (cc) above.

Based on the above, the Special Committee renders its opinion that the decision of the Target Company's board of directors to conduct the Transaction (including expressing opinions regarding the Tender Offer and conducting the Share Consolidation as the Squeeze-Out Procedures after the completion of the Tender Offer) is not disadvantageous to the minority shareholders of the Target Company.

- (ee) The Special Committee considers that, with respect to (aa) through (dd) above, the reasonableness of the purpose of the Transaction, the fairness and reasonableness of the terms of the Transaction and the fairness of the procedures for the Transaction are confirmed, and it is confirmed that the implementation of the Transaction is not disadvantageous to the minority shareholders of the Target Company, which constitute grounds for approving (ee). And, as stated in (aa) through (cc) above, as a result of the examination by the Special Committee, the Special Committee does not find any problem with respect to (aa) through (dd) above.

Based on the above, the Special Committee renders its opinion that it is reasonable for Our Company Board to issue an opinion in support of the Tender Offer and to recommend that the shareholders of Our Company tender their shares in the Tender Offer.

- (c) Procurement by the Target Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser

According to the Target Company Press Release, the Target Company requested Nomura Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Target Company Shares, in expressing its opinion on the Tender Offer, and received the Share Valuation Report (Nomura Securities) on October 29, 2025. For an overview of the Share Valuation Report (Nomura Securities), please see "(ii) Overview of Valuation" under "(c) Procurement by the Target Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " above.

According to the Target Company Press Release, Nomura Securities does not fall under the category of a related party of any of the Tender Offer-Related Parties, and does not have

any material interest that should be disclosed in relation to the Tender Offer. Furthermore, the Special Committee confirmed that there were no issues with the independence and expertise of Nomura Securities at the second meeting of the Special Committee held on July 24, 2025, and approved the appointment of Nomura Securities as the financial advisor and third-party appraiser of the Target Company.

(i) Name of the Appraiser and its Relationship with the Target Company and the Tender Offeror

According to the Target Company Press Release, the Target Company requested Nomura Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Target Company Shares, in expressing its opinion on the Tender Offer, and received the Share Valuation Report (Nomura Securities) on October 29, 2025

According to the Target Company Press Release, given that the Target Company and the Tender Offeror implemented measures to ensure fairness of the Transaction including the Tender Offer and to prevent conflict of interest, the Target Company determined that the fairness of the Transaction is sufficiently ensured. Therefore, the Target Company has not procured a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities. Nomura Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction, including the Tender Offer.

According to the Target Company Press Release, furthermore, the fees payable to Nomura Securities with respect to the Transaction include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions. The Target Company has appointed Nomura Securities as its financial advisor and third-party appraiser under such fee structure, upon determining that including a performance fee which is payable subject to the completion of the Tender Offer and other conditions will not negate the independency when considering the general practice in similar transactions, and the pros and cons of the fee structure that would result in the Target Company incurring a due financial burden if the Transaction are not successfully completed. Furthermore, the Target Company confirmed with the Special Committee that there were no issues regarding the independence of Nomura Securities.

(ii) Overview of Valuation

According to the Target Company Press Release, after examining the valuation method in the Tender Offer, based on the belief that the value of the Target Company Shares should be evaluated from multiple perspectives under the assumption that the Target Company is a going concern, Nomura Securities used the following methods to calculate the value of the Target Company Shares: the average market share price method, as the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange; the comparable company method, as there are listed companies relatively similar to the Target Company and it is possible to analogize the share value of the Target Company Shares by comparing to that of similar listed companies; and the DCF method to reflect the situation of business activities in the future in the valuation.

According to Nomura Securities, the range of the value per share of the Target Company Shares calculated under each of the above methods is as follows:

Average market share price method:	From JPY 6,471 to JPY 7,620
Comparable company method:	From JPY 4,555 to JPY 7,914
DCF method:	From JPY 7,262 to JPY 8,675

According to the Target Company Press Release, under the average market share price method, with October 29, 2025 being set as the reference date, the value per share of the Target Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent five business days of JPY 7,322; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

According to the Target Company Press Release, under the comparable company method, the value per share of the Target Company Shares is calculated to range from JPY 4,555 to JPY 7,914, by calculating the value of the Target Company Shares through comparison to share prices and financial indicators showing profitability of listed companies engaging in business similar to that of the Target Company.

According to the Target Company Press Release, under the DCF method, considering reasonable assumptions such as revenue forecasts and investment plans based on the business plan prepared by the Target Company (the "Business Plan"), the corporate value of the Target Company was evaluated based on the free cash flow expected to be generated by the Target Company from the second quarter of the fiscal year ending March 2026 by discounting to the present value at a discount rate corresponding to the business risk, and the share value of the Target Company was analyzed by making certain financial adjustments such as adding cash equivalents and subtracting interest-bearing debt held by the Target Company. Accordingly, the value per share of the Target Company Shares is calculated to range from JPY 7,262 to JPY 8,675. It should be noted that the Business Plan on which the DCF method is based does not contain any fiscal year expecting a significant increase or decrease in earnings, but contains a fiscal year expecting a significant increase or decrease in free cash flow. Specifically, for the fiscal years ending March 2028 and March 2029, substantial decrease in free cash flow (fiscal year ending March 2028: approximately JPY 140 million, year-on-year change: - 98.45%; fiscal year ending March 2029: approximately - JPY 2.73 billion, year-on-year change: -) is expected due to increase in working capital associated with revenue growth and higher capital expenditures. The earnings forecast underlying the DCF method takes into account the financial results forecast for the fiscal year ending March 2026 as stated in the "Differences Between the Consolidated Financial Results Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to the Consolidated Financial Results Forecast" published by the Target Company today.

According to the Target Company Press Release, the Business Plan does not reflect synergy effects expected to be realized through the implementation of the Transaction since it is difficult to specifically estimate such synergy effects at the time of calculation. Furthermore, as described in "(ii) Background of Examination" under "(b)

Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee " under "(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest " below, the Special Committee received explanations regarding the contents and preparation process of the Business Plan and confirmed the reasonableness of the Business Plan through question-and-answer sessions on these points.

(Note) In calculating the share value of the Target Company Shares, Nomura Securities assumed that disclosed information and all information provided by the Target Company were accurate and complete, and did not independently verify their accuracy and completeness. Nomura Securities did not conduct any independent valuation, appraisal or assessment of the Target Company's and its affiliate's assets or liabilities (including derivative financial instruments, off-balance sheet assets and liabilities and other contingent liabilities), including the analysis and evaluation of individual assets and liabilities, nor did it request a third party to conduct an appraisal or assessment. Nomura Securities assumed that the Business Plan had been considered and prepared by the Target Company's management in a reasonable manner based on the best and good-faith forecasts and judgments available at the time of calculation. The calculation by Nomura Securities reflects information and economic conditions available to Nomura Securities up until October 29, 2025. The calculation by Nomura Securities is intended solely as a reference for the Target Company's board of directors in assessing the value of the Target Company Shares.

(d) Procurement by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser

(i) Name of the Appraiser and its Relationship with the Target Company and the Tender Offeror

According to the Target Company Press Release, the Special Committee requested Mitsubishi UFJ Morgan Stanley Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Target Company Shares and express an opinion on the fairness of the Tender Offer Price from a financial perspective, in considering the Consultation Matters, and received the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) and the Fairness Opinion on October 29, 2025.

According to the Target Company Press Release, Mitsubishi UFJ Morgan Stanley Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction, including the Tender Offer.

According to the Target Company Press Release, furthermore, the fees payable to Mitsubishi UFJ Morgan Stanley Securities with respect to the Transaction do not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions.

According to the Target Company Press Release, at its 10th meeting held on September 17, 2025, the Special Committee confirmed that Mitsubishi UFJ Morgan Stanley

Securities had no issues with respect to its independence or expertise, and approved its appointment as the Special Committee's financial advisor and third-party appraiser.

(ii) Overview of Valuation

According to the Target Company Press Release, after examining the valuation method in the Tender Offer, based on the belief that the value of the Target Company Shares should be evaluated from multiple perspectives, Mitsubishi UFJ Morgan Stanley Securities used the following methods to calculate the value of the Target Company Shares: the average market share price method, as the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and have market price; the comparable company method, as there are listed companies engaging in business relatively similar to that of the Target Company and it is possible to analogize the share value of the Target Company Shares by comparing to that of similar listed companies; and DCF method to reflect the situation of business activities in the future in the valuation.

The range of the value per share of the Target Company Shares calculated by Mitsubishi UFJ Morgan Stanley Securities under each of the above methods is as follows:

Average market share price method:	From JPY 6,471 to JPY 7,620
Comparable company method:	From JPY 5,180 to JPY 9,191
DCF method:	From JPY 7,271 to JPY 9,026

According to the Target Company Press Release, under the average market share price method, with October 29, 2025 being set as the reference date, the value per share of the Target Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

According to the Target Company Press Release, under the comparable company method, the value per share of the Target Company Shares is calculated to range from JPY 5,180 to JPY 9,191, by calculating the value of the Target Company Shares through comparison to share prices and financial indicators of listed companies engaging in business relatively similar to that of the Target Company.

According to the Target Company Press Release, under the DCF method, based on various assumptions including the Business Plan, the trend of financial performance to date as well as publicly disclosed information, the corporate value and share value of the Target Company were calculated by discounting the free cash flow expected to be generated by the Target Company in the future back to the present value using a certain discount rate, and the value per share of the Target Company Shares is calculated to range from JPY 7,271 to JPY 9,026.

According to the Target Company Press Release, it should be noted that the Business Plan on which the DCF method is based does not contain any fiscal year expecting a significant increase or decrease in earnings, but contains a fiscal year expecting a significant increase or decrease in free cash flow. Specifically, for the fiscal year ending March 2028, substantial increase in free cash flow (JPY 12.1 billion, year-on-year change: 59.4% increase) is expected due to improved profit levels and decrease in corporate tax payments, and for the fiscal year ending March 2029, substantial decrease in free cash flow (- JPY 11.95 billion, year-on-year change: 198.8% decrease) is expected due to increase in working capital associated with revenue growth and higher capital expenditures. The earnings forecast underlying the DCF method takes into account the financial results forecast for the fiscal year ending March 2026 as stated in the "Differences Between the Consolidated Financial Results Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to the Consolidated Financial Results Forecast" published by the Target Company today. Furthermore, the Business Plan does not reflect synergy effects expected to be realized through the Tender Offer since it is difficult to specifically estimate such synergy effects at this point.

(iii) Overview of Fairness Opinion

According to the Target Company Press Release, on October 29, 2025, the Special Committee obtained the Fairness Opinion, from Mitsubishi UFJ Morgan Stanley Securities, stating that the Tender Offer Price of JPY 9,760 per share is deemed fair to the Target Company's shareholders (excluding Sumitomo Electric Industries, the Tender Offeror and their affiliates) from a financial perspective. The Fairness Opinion was issued following the analysis and examination of the Business Plan and other financial information submitted by the Target Company and question-and-answer sessions with the Target Company and the Special Committee, in addition to the examination of the results of the valuation of the Target Company Shares conducted by Mitsubishi UFJ Morgan Stanley Securities and question-and-answer sessions with the Target Company and the Special Committee regarding the background and circumstances leading to the decision to support the Tender Offer. The Fairness Opinion was issued in accordance with the internal procedures of Mitsubishi UFJ Morgan Stanley Securities following the approval by the committee consisting of professionals from its Investment Banking Division and other departments

(Note) According to the Target Company Press Release, the Fairness Opinion issued by Mitsubishi UFJ Morgan Stanley Securities and the analysis of the value of the Target Company Shares that served as a basis for the Fairness Opinion were addressed to the Special Committee solely for the purpose of serving as reference information for the Special Committee, and are limited to assessing only whether, as of October 29, 2025, the Tender Offer Price is fair to the Target Company's shareholders (excluding Sumitomo Electric Industries, the Tender Offeror and their respective affiliates) from a financial perspective. The Fairness Opinion and the underlying analysis do not address the share price of the Target Company Shares following the Tender Offer. They do not express any view or make any recommendation to any of the Target Company's shareholders regarding any actions those shareholders may take in connection with the Tender Offer. Mitsubishi UFJ Morgan Stanley Securities does not recommend any specific Tender Offer Price to the Special Committee, nor does it recommend

that any particular Tender Offer Price be regarded as the only appropriate price for the Tender Offer. In expressing its opinions in the Fairness Opinion and analyzing such opinions, Mitsubishi UFJ Morgan Stanley Securities has relied on publicly available information and information provided by the Target Company and the Special Committee on the assumption that such information is accurate and complete, and did not independently verify their accuracy and completeness. [Mitsubishi UFJ Morgan Stanley Securities has not been provided with the Target Company's audited financial statements for the second quarter of the fiscal year ending March 2026 in connection with the preparation of the Fairness Opinion. Mitsubishi UFJ Morgan Stanley Securities assumed, without performing independent verification, that the internally prepared financial statements provided to it are accurate in all material respects and fairly present the matter described. In preparing the Fairness Opinion, Mitsubishi UFJ Morgan Stanley Securities also assumed that the financial forecasts had been prepared by the Target Company's management in a reasonable manner based on the best forecasts and judgments available at the time regarding the Target Company's future financial condition. Mitsubishi UFJ Morgan Stanley Securities assumes that the terms set forth in the agreements related to the Transaction will not be waived or amended and will be performed without delay. Mitsubishi UFJ Morgan Stanley Securities assumes that all permits, licenses and consents of the government agencies, supervisory authorities and other bodies required for the Transaction will be obtainable and that any such permits, licenses and consents will not be subject to delay, restriction or condition that may have a material adverse effect on the expected benefits of the Transaction. Mitsubishi UFJ Morgan Stanley Securities is not a legal, accounting or tax advisor. Mitsubishi UFJ Morgan Stanley Securities is a financial advisor, and relies on the judgments of the Special Committee, the Target Company and the Target Company's auditors and legal advisors regarding legal, accounting and tax matters without performing independent verification. Mitsubishi UFJ Morgan Stanley Securities has not conducted any independent valuation or assessment of the assets or liabilities of the Target Company and its affiliates, nor has it been provided with any such valuation or assessment. The Fairness Opinion and the underlying analysis of Mitsubishi UFJ Morgan Stanley Securities are based on economic, financial, market and other conditions as of October 29, 2025 and on information that Mitsubishi UFJ Morgan Stanley Securities has obtained up to that date. Events that occur on or after October 29, 2025 may affect the Fairness Opinion, the underlying analysis and the assumptions used for the preparation of the Fairness Opinion. However, Mitsubishi UFJ Morgan Stanley Securities is not obligated to update, revise or review its opinions. In expressing its opinions in the Fairness Opinion, Mitsubishi UFJ Morgan Stanley Securities is not authorized to solicit, and is not soliciting, any entity in connection with acquisition, business combination or other special transaction involving the Target Company. Mitsubishi UFJ Morgan Stanley Securities has not engaged in negotiations with any entity that has expressed interest in acquiring the Target Company or any part of the Target Company's businesses. Mitsubishi UFJ Morgan Stanley Securities has been retained solely to provide valuation and analysis of the Target Company's corporate value and share value and to issue a fairness opinion in connection with the Transaction, and it has not participated in the structuring, planning or negotiation of the Transaction. The Fairness Opinion and the underlying analysis have gone through complicated processes and are

not necessarily suitable for partial analysis or summary. Mitsubishi UFJ Morgan Stanley Securities considers all of its analyses as a whole and does not place particular weight on any singly analysis or factor. In performing its analyses, Mitsubishi UFJ Morgan Stanley Securities makes numerous assumptions regarding industry conditions, general business and economic conditions and other matters, many of which are beyond the control of Mitsubishi UFJ Morgan Stanley Securities, the Target Company or the Tender Offeror. All forecasts included in Mitsubishi UFJ Morgan Stanley Securities' analyses do not necessarily indicate future results or actual values, and such results and values may be materially better or worse than those suggested by such forecasts. Mitsubishi UFJ Morgan Stanley Securities will provide services as a financial advisor of the Special Committee in relation to the Transaction and will receive fees as the consideration for the services. The fees payable to Mitsubishi UFJ Morgan Stanley Securities with respect to the Transaction do not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions. Mitsubishi UFJ Morgan Stanley Securities and its affiliates provide global financial services, including banking, securities, trust, investment management and other financial services (collectively referred to as the "Financial Services"). The securities business includes not only investment banking, financing and financial advisory services, but also securities underwriting, trading and brokerage, foreign exchange, commodities and derivatives transactions. In the ordinary course of securities underwriting, trading, brokerage and financing activities, Mitsubishi UFJ Morgan Stanley Securities and its affiliates may, with respect to bonds, shares or loans of the Tender Offer-Related Parties or other entities related to the Transaction, or with respect to currencies, commodities or derivatives related to the Transaction, hold long or short positions, provide Financial Services to the Tender Offer-Related Parties or other entities related to the Transaction, and conduct purchases, sales or other transactions for their own account or for the accounts of their customers. Mitsubishi UFJ Morgan Stanley Securities, its affiliates and their directors and officers may invest their own funds in bonds, shares or loans of the Tender Offer-Related Parties or other entities related to the Transaction, or in currencies, commodities or derivatives related to the Transaction, or may operate funds that invest their own funds in such instruments. Mitsubishi UFJ Morgan Stanley Securities may also provide ordinary brokerage services to the Tender Offer-Related Parties or other entities related to the Transaction.

(e) Advice from an Independent Law Firm Regarding the Target Company

According to the Target Company Press Release, in order to ensure transparency and rationality in the decision-making process of the Target Company's board of directors regarding the Transaction, as stated in "(b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer " under "(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer " above, the Target Company has appointed Anderson Mori & Tomotsune as a legal advisor who is independent of the Tender Offeror as well as the success or failure of the Transaction, and the Target Company has received necessary legal advice on the decision-making processes and methods regarding the Transaction, including the Tender Offer, as well as other points to consider when making decisions regarding the Transaction.

According to the Target Company Press Release, Anderson Mori & Tomotsune does not fall under the category of a related party of any of the Tender Offer-Related Parties and does not have any material interest that should be disclosed in relation to the Tender Offer. In addition, the Special Committee confirmed that there were no issues with the independence and expertise of Anderson Mori & Tomotsune at the second meeting of the Special Committee held on July 24, 2025, and approved the appointment of the firm as the Target Company's legal advisor. Anderson Mori & Tomotsune receives fees only on an hourly basis, and any incentive fees contingent on the successful closing of the Transaction do not apply.

(f) Establishment of an Independent Examination Framework at the Target Company

According to the Target Company Press Release, as stated in "(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework" under "(b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer" under "(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, the Target Company has established a system within the Target Company to conduct the Transaction, and conduct negotiations and making judgments regarding the Transaction from a position independent of the Tender Offeror and Sumitomo Electric Industries. Specifically, after receiving an Initial Letter of Intent from the Tender Offeror on June 30, 2025, the Target Company established a project team to consider the Transaction (including preparation of a business plan that provides the basis for calculating the value of the Target Company Shares) and to conduct discussions and negotiations with the Tender Offeror. The project team do not include officers and employees of the Target Company who are also officers and employees of Sumitomo Electric Industries or officers and employees of the Target Company who are former employees of Sumitomo Electric Industries (including Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, who are also directors of the Target Company).

According to the Target Company Press Release, at the second meeting of the Special Committee held on July 24, 2025, the Special Committee approved that the Target Company's review system, including the above (including the scope and duties of the officers and employees of the Target Company who are involved in the consideration, negotiation and judgment of the Transaction), poses no problem from the perspectives of independence and fairness.

(g) Approval by All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members

According to the Target Company Press Release, while taking into account the advice received by the Target Company from Nomura Securities and Anderson Mori & Tomotsune, the advice received by the Special Committee from Mitsubishi UFJ Morgan Stanley Securities, and the content of the Share Valuation Report (Nomura Securities), Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) and the Fairness Opinion, the Target Company's board of directors carefully considered and discussed whether the Transaction, including the Tender Offer, would contribute to the enhancement of the Target Company Group's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the maximum extent the content of the judgment of the Special Committee as indicated in the Report.

According to the Target Company Press Release, as a result, as stated in "(ii) Background of Examination and Negotiation and Content of Decision"(b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer " under "(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer " above, the Target Company determined that the Transaction, including the Tender Offer, will contribute to the enhancement of the Target Company Group's corporate value, and that the Tender Offer Price is a reasonable price that will provide the Target Company's shareholders with a reasonable opportunity to sell their shares. At the meeting of the Target Company's board of directors held today, it resolved to express its opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer. At the above-mentioned meeting of the board of directors, all of the Target Company's Audit & Supervisory Board Members were present, and they all stated the opinion that they had no objection to the above-mentioned resolution.

According to the Target Company Press Release, out of the nine directors of the Target Company, Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada were previously employees from Sumitomo Electric Industries, the parent company of the Target Company, which enters into the Transaction-Related Agreements with the Tender Offeror and the Business Alliance Agreement with the Target Company and the Tender Offeror. Thus, in order to eliminate, as much as possible, any possibility of being affected by issues involving structural conflicts of interest in the Transaction, at the above-mentioned board of directors meeting, after deliberation by the six directors of the Target Company, excluding Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada (namely, Mr. Shigehiro Kojima, Mr. Yasuharu Okino, Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, Mr. Hirofumi Yasuhara and Ms. Yumi Sano), the board of directors unanimously resolved to express their opinion in favor of the Tender Offer and to recommend that the Target Companythe Target Company's shareholders tender their shares in the Tender Offer. In addition, none of the six directors of the Target Company who participated in the above-mentioned board of directors meeting has any conflicts of interest, such as holding concurrent positions as officers of the Tender Offeror Group and Sumitomo Electric Industries.

According to the Target Company Press Release, from the perspective of avoiding any possible conflict of interest, Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada did not participate in any deliberations on the agenda regarding consideration of the Transaction at the Target Company's board of directors meeting, and after receiving the Initial Letter of Intent from the Tender Offeror on June 30, 2025, they did not participate in any discussions or negotiations with the Tender Offeror and Sumitomo Electric Industries regarding the Transaction from the standpoint of the Target Company.

(h) Measures to Ensure Other Purchasers Have an Opportunity to Make Tender Offers

The Tender Offeror has not entered into any agreement with the Target Company that contains deal protection provisions prohibiting the Target Company from contacting a competing acquirer or otherwise restricting a competing acquirer from communicating with the Target Company.

In addition, the Tender Offeror has set the Tender Offer Period at 30 Business Days, which is longer than the statutory minimum period of 20 Business Days. By setting the Tender Offer Period longer than the statutory minimum period, the Tender Offeror intends to ensure that the

shareholders of the Target Company have sufficient time to make an appropriate decision on whether to tender their shares in the Tender Offer, and to ensure there are opportunities for parties other than the Tender Offeror to make competing tender offers for the Target Company Shares or other similar transactions, thereby ensuring the fairness of the Tender Offer Price.]

(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

As described in “(1) Outline of the Tender Offer” above, if the Tender Offeror is unable to acquire all of the Target Company Shares through the Tender Offer (excluding the treasury shares owned by the Target Company and the Non-Tendered Shares), the Tender Offeror intends to request the implementation of the Squeeze-Out Procedures by the following method promptly after the completion of the settlement of the Tender Offer to make the shareholders of the Target Company consist only of the Tender Offeror and Sumitomo Electric Industries and to delist the Target Company Shares.

Specifically, the Tender Offeror intends to request that the Target Company, promptly after the completion of the settlement of the Tender Offer, convene an extraordinary general meeting of shareholders (the “Extraordinary Shareholders Meeting”) that will include on its agenda a proposal for the Share Consolidation under Article 180 of the Companies Act and a partial amendment to the Articles of Incorporation to abolish the provision regarding the number of shares per unit, subject to the Share Consolidation taking effect. The Tender Offeror and Sumitomo Electric Industries intend to approve each of those proposals at the Extraordinary Shareholders Meeting. As of today, the Extraordinary Shareholders Meeting is scheduled to be held around early February 2026.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, the shareholders of the Target Company will own the number of the Target Company Shares corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting on the date on which the Share Consolidation takes effect. If the Share Consolidation results in any fractional shares of less than one whole share, cash will be delivered to each shareholder of the Target Company that holds those fractional shares in accordance with the procedures prescribed in Article 235 of the Companies Act and other applicable laws and regulations through the sale of the total number of those fractional shares (rounding down any fraction of less than one share in the total number, hereinafter the same) corresponding to those fractions to the Target Company or the Tender Offeror.

Tender Offeror intends to request the Target Company to file a petition with the court for permission for a sale by private contract after calculating the sale price of the Target Company Shares corresponding to the total number of those fractional shares so that the amount of cash to be delivered to each shareholder of the Target Company that did not tender its shares in the Tender Offer (excluding the Tender Offer-Related Parties) as a result of that sale will be equal to the Tender Offer Price multiplied by the number of Target Company Shares held by that shareholder. Further, although the share consolidation ratio of the Target Company Shares has not yet been determined as of today, the Tender Offeror intends to request that the Target Company determine that ratio so that the number of Target Company Shares held by the shareholders of the Target Company that did not tender their shares in the Tender Offer (excluding the Tender Offer-Related Parties) will result in fractional shares of less than one share so that the Tender Offeror and Sumitomo Electric Industries hold all of the Target Company Shares (excluding the treasury shares held by the Target Company).

If, after the Settlement Commencement Date, there exists, or it is expected immediately prior to the effective date of the Share Consolidation that there will exist any shareholders (excluding Sumitomo Electric Industries) that holds a number of Target Company Shares equal to or greater than the number of Target Company Shares held by the Tender Offeror (the “Major Shareholder”), then, after the implementation of the Share Consolidation, measures will be taken as promptly as practicable to ensure that the number of Target Company Shares held by the Tender Offeror exceeds the number held by those shareholders (the details of those measures will be determined through separate good-faith discussions among the Tender Offeror, Sumitomo Electric Industries, and the Target Company), so that only the Tender Offeror and Sumitomo Electric Industries hold all of the Target Company Shares (excluding the treasury shares held by the Target Company).

With respect to the protection of the rights of minority shareholders in connection with the share consolidations, the Companies Act provides that if any fractions of less than one share arise as a result of the Share Consolidation, the shareholders of the Target Company that did not tender their shares in the Tender Offer (excluding the Tender Offer-Related Parties) may, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, request that the Target Company purchase all of their fractional shares at a fair price and may also file a petition with the court for a determination of the price of the Target Company Shares.

As stated above, in the Share Consolidation, it is expected that the number of the Target Company Shares held by the shareholders of the Target Company that did not tender their shares in the Tender Offer (excluding the Tender Offer-Related Parties) will result in fractional shares of less than one full share, so it is expected the shareholders of the Target Company that oppose the Share Consolidation (excluding the Tender Offer-Related Parties) will be able to file the above petition. Further, if such a petition is filed, the purchase price of the Target Company Shares will ultimately be determined by the court.

The method and timing of the procedures described above might change depending on factors such as amendments to relevant laws and regulations, their enforcement, or their interpretation by authorities. However, even in that case, it is intended that a method will be used whereby each shareholder of the Target Company that has not tendered its shares in the Tender Offer (excluding the Tender Offer-Related Parties) will ultimately receive cash consideration equal to the number of Target Company Shares held by that shareholder multiplied by the Tender Offer Price in exchange for its shares.

The specific procedures and timing for each of the above cases will be determined through consultation between the Target Company and the Tender Offeror and are expected to be promptly announced by the Target Company once they have been determined.

The Tender Offer does not in any way constitute a solicitation for the approval of the shareholders of the Target Company at the Extraordinary Shareholders Meeting. In addition, the shareholders of the Target Company are requested to consult with their own tax advisors and other professional advisors at their own responsibility regarding the tax treatment of tendering their shares in the Tender Offer and with respect to the procedures described above.

(5) Expected Delisting and Reasons Therefor

The Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange as of today. However, since the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Tender Offer, the Target Company Shares might be delisted through

prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange, depending on the outcome of the Tender Offer.

Even if the Target Company does not meet the criteria for delisting at the time of completion of the Tender Offer, the Tender Offeror intends to request the Target Company to implement the Squeeze-Out Procedures described in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” above after the completion of the Tender Offer. In that case, the Target Company Shares will meet the delisting criteria of the Tokyo Stock Exchange and will be delisted through the prescribed procedures. After the delisting, the Target Company Shares will no longer be tradable on the Prime Market of the Tokyo Stock Exchange.

For the reasons behind the purpose of the delisting, see “(ii) Background of Examination and Negotiation and Content of Decision” in “(b) Decision-Making Process and Reasons Leading the Target Company to Support the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” above.

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

(a) Non-Tender Agreement

The Tender Offeror entered into the Non-Tender Agreement with Sumitomo Electric Industries on October 30, 2025 and agreed on the following matters under the Non-Tender Agreement. It should be noted that, other than the Non-Tender Agreement and the Agreement regarding the Making of a Wholly-Owned Subsidiary described in “(b) Agreement regarding the Making of a Wholly-Owned Subsidiary” below and the Business Alliance Agreement described in “(c) Business Alliance Agreement”, the Tender Offeror has not entered into any other agreements with Sumitomo Electric Industries concerning the Transaction, and Sumitomo Electric Industries is not expected to receive any consideration for the Non-Tendered Shares in connection with the Transaction other than the consideration for the Share Buy Back.

- A. Sumitomo Electric Industries will not tender any of the Non-Tendered Shares in the Tender Offer.
- B. During the period from the date of execution of the Non-Tender Agreement until the expiration of the Tender Offer Period, if a legally binding proposal is made by a person other than the Tender Offeror to acquire all of the Target Company Shares (by way of a tender offer, organizational restructuring, or any other method) for consideration (whether in cash, shares, or otherwise) equivalent to at least 2% higher than both the Tender Offer Price (meaning, if the Tender Offer Price is increased as a result of a change in the purchase terms, the Tender Offer Price after such change; the same applies hereinafter in this paragraph B) and the Share Buy Back Price, provided that the transaction adopts a structure similar to the Transaction (excluding proposals whose specifics of acquisition are in doubt, whose purpose is questionable, whose funding is not reasonably secured, whose conditions precedent are unlikely to be satisfied, or whose feasibility is otherwise doubtful) (each, a “Competing Proposal”), Sumitomo Electric Industries may request discussions with the Tender Offeror regarding a potential change to the Tender Offer Price and the Share Buy Back Price. In that case, (i) if the Tender Offeror does not, by the earlier of (a) the date that is ten Business Days from the date of that request or (b) the day immediately preceding the expiration date of the Tender Offer Period, change the Tender Offer Price to an amount equal to or

higher than the acquisition price under the Competing Proposal and does not change the Share Buy Back Price to an amount that, taking into account tax effects, is substantially equal to or higher than the acquisition price under the Competing Proposal and (ii) if Sumitomo Electric Industries reasonably determines that not accepting the Competing Proposal might constitute a breach of the duty of care of its directors, Sumitomo Electric Industries may accept the Competing Proposal with respect to all of the Non-Tendered Shares and may cancel the Non-Tender Agreement.

- C. Except in the case provided for in paragraph B above, from the execution date of the Non-Tender Agreement until the commencement date of settlement for the Tender Offer (the "Settlement Commencement Date"), Sumitomo Electric Industries shall not, directly or indirectly (including through the Target Company), conduct any transaction with a person other than the Tender Offeror that would materially compete, conflict, or be inconsistent with the Transaction or that would, or is reasonably likely to, make the execution of the Transaction difficult ("Conflicting Transaction") and shall not make or engage in any proposal, contact, solicitation, provision of information, or agreement relating to any Conflicting Transaction (provided, however, that if Sumitomo Electric Industries or the Target Company receives a Competing Proposal from a third party (including a proposal that has an objective and reasonable possibility of developing into a Competing Proposal), Sumitomo Electric Industries may, to the extent reasonably necessary to determine whether not considering that proposal could constitute a breach of the duty of care of its directors, have discussions with or provide information to that third party). If, during the period from the execution date of the Non-Tender Agreement until the Settlement Commencement Date, Sumitomo Electric Industries itself receives any proposal, contact, or solicitation for a Conflicting Transaction from a person other than the Tender Offeror, or becomes aware that the Target Company has received any such proposal, contact, or solicitation, it shall promptly notify the Tender Offeror of that fact and the details thereof and shall engage in good faith discussions with the Tender Offeror regarding the response to that proposal or contact.
- D. The Non-Tender Agreement will immediately terminate if (i) the Tender Offeror lawfully withdraws the Tender Offer, (ii) the Tender Offer is commenced but is not successfully completed, (iii) Sumitomo Electric Industries notifies the Tender Offeror of its decision to accept a Competing Proposal under the provisions of paragraph B above, or (iv) the Agreement regarding the Making of a Wholly-Owned Subsidiary is cancelled or terminates.
- E. In addition to the foregoing, the Non-Tender Agreement provides for, among other matters, the conditions precedent to the commencement of the Tender Offer by the Tender Offeror, the obligation of the Tender Offeror to implement the Tender Offer subject to the satisfaction of those conditions, the representations and warranties of the Tender Offeror and Sumitomo Electric Industries (Note), the obligation of Sumitomo Electric Industries not to transfer, create a security interest over, or otherwise dispose of any of the Non-Tendered Shares or acquire any Target Company Shares during the period from the execution date of the Non-Tender Agreement until the Settlement Commencement Date, the obligation of Sumitomo Electric Industries not to exercise any shareholder rights in respect of the Non-Tendered Shares without the prior written consent of the Tender Offeror until the Settlement Commencement Date, the obligation of the Tender Offeror and Sumitomo Electric Industries to indemnify the other party if

it breaches any of its obligations or representations and warranties under the Non-Tender Agreement, provisions regarding termination, confidentiality obligations, and the obligation not to assign contractual status or rights and obligations under the agreement.

- (Note) Under the Non-Tender Agreement, (i) the Tender Offeror represents and warrants (a) its valid existence and authority, (b) the execution and performance of the Non-Tender Agreement, (c) enforceability, (d) absence of conflict with laws and regulations, (e) obtainment and compliance with permits and approvals, (f) absence of insolvency proceedings, and (g) absence of any relationship with antisocial forces; and (ii) Sumitomo Electric Industries represents and warrants (a) its valid existence and authority, (b) the execution and performance of the Non-Tender Agreement, (c) enforceability, (d) absence of conflict with laws and regulations, (e) obtainment and compliance with permits and approvals, (f) lawful and valid ownership of the Non-Tendered Shares, (g) absence of insolvency proceedings, and (h) absence of any relationship with antisocial forces.

(b) Agreement regarding the Making of a Wholly-Owned Subsidiary

The Tender Offeror entered into the Agreement regarding the Making of a Wholly-Owned Subsidiary with Sumitomo Electric Industries on October 30, 2025. The principal terms of the Agreement regarding the Making of a Wholly-Owned Subsidiary are as follows.

- A. The Tender Offeror and Sumitomo Electric Industries will, as promptly as practicable after the settlement of the Tender Offer, carry out the procedures necessary to conduct the Share Consolidation.
- B. The Tender Offeror and Sumitomo Electric Industries will, as promptly as practicable after the effective date of the Share Consolidation, carry out the procedures necessary to implement the Funding and the Capital Reduction.
- C. On the condition that the distributable amount necessary for the implementation of the Share Buy Back has been secured by the Target Company, the Tender Offeror and Sumitomo Electric Industries will, as promptly as practicable after the effective date of the Share Consolidation, carry out the procedures necessary to implement the Share Buy Back, and Sumitomo Electric Industries will sell all of the Non-Tendered Shares to the Target Company.
- D. During the period from the Settlement Commencement Date until the date on which the Share Buy Back is implemented (the “Share Buy Back Date”), (i) Sumitomo Electric Industries shall not, directly or indirectly (including through the Target Company), conduct any Conflicting Transaction with a person other than the Tender Offeror or make or engage in any proposal, contact, solicitation, provision of information, or agreement relating to any Conflicting Transaction and (ii) if, during the period from the settlement commencement date of the Tender Offer until the Share Buy Back Date, Sumitomo Electric Industries itself receives any proposal, contact, or solicitation for a Conflicting Transaction from a person other than the Tender Offeror, or becomes aware that the Target Company has received any such proposal, contact, or solicitation, it shall promptly notify the Tender Offeror of that fact and the details thereof and shall engage in good faith discussions with the Tender Offeror regarding the response to that proposal or contact.

- E. The Agreement regarding the Making of a Wholly-Owned Subsidiary will terminate immediately if the Non-Tender Agreement is cancelled or terminates.
- F. In addition to the foregoing, the Agreement regarding the Making of a Wholly-Owned Subsidiary provides for, among other matters, the representations and warranties of the Tender Offeror and Sumitomo Electric Industries (Note), the obligation of Sumitomo Electric Industries not to transfer, create a security interest over, or otherwise dispose of any of the Non-Tendered Shares or acquire any Target Company Shares during the period from the Settlement Commencement Date until the Share Buy Back Date, the obligation of the Tender Offeror not to transfer, create a security interest over, or otherwise dispose of any Target Company Shares during the period from the Settlement Commencement Date until the Share Buy Back Date, the obligation of Sumitomo Electric Industries not to exercise any shareholder rights in respect of the Non-Tendered Shares without the prior written consent of the Tender Offeror until the Share Buy Back Date, the obligation of the Tender Offeror, if after the Settlement Commencement Date, there exists, or it is expected immediately prior to the effective date of the Share Consolidation that there will exist Major Shareholder, to take measures as promptly as practicable to ensure that the number of Target Company Shares exceeds those held by the Major Shareholder, the obligation of the Tender Offeror and Sumitomo Electric Industries to indemnify the other in the event of any breach of their obligations or representations and warranties under the Agreement regarding the Making of a Wholly-Owned Subsidiary, the obligation of the Tender Offeror to indemnify the Non-Tendering Shareholders for any damage or loss incurred in connection with or arising from the appearance of a Major Shareholder or any third-party claim related thereto, provisions regarding termination, confidentiality obligations, and the obligation not to assign contractual status or rights and obligations under the agreement.

(Note) Under the Agreement regarding the Making of a Wholly-Owned Subsidiary, (i) the Tender Offeror represents and warrants (a) its valid existence and authority, (b) the execution and performance of the Agreement regarding the Making of a Wholly-Owned Subsidiary, (c) enforceability, (d) absence of conflict with laws and regulations, (e) obtainment and compliance with permits and approvals, (f) absence of insolvency proceedings, and (g) absence of any relationship with antisocial forces; and (ii) Sumitomo Electric Industries represents and warrants (a) its valid existence and authority, (b) the execution and performance of the Agreement regarding the Making of a Wholly-Owned Subsidiary, (c) enforceability, (d) absence of conflict with laws and regulations, (e) obtainment and compliance with permits and approvals, (f) lawful and valid ownership of the Non-Tendered Shares, (g) absence of insolvency proceedings, and (h) absence of any relationship with antisocial forces.

(b) Business Alliance Agreement

The Tender Offeror entered into the Business Alliance Agreement with Sumitomo Electric Industries and the Target Company dated today. The Business Alliance Agreement confirms that, even after the capital relationship between Sumitomo Electric Industries and the Target Company is dissolved as a result of the implementation of the Transaction, the existing collaborative relationships between Sumitomo Electric Industries and the Target Company will be maintained and continued, which will commercially and reasonably prevent, to the extent practicable, any disruption to the Target Company's business operations arising from the

dissolution of that capital relationship. Furthermore, under the new capital structure, the agreement aims to further develop the business alliance among the Tender Offeror, Sumitomo Electric Industries, and the Target Company, including consideration of new collaborative initiatives, and to promote the enhancement of the corporate value of each company. Specifically, (i) the Tender Offeror, Sumitomo Electric Industries, and the Target Company have agreed to continue their mutual cooperation after the Transaction and have confirmed that the cooperative and business relationships between Sumitomo Electric Industries and the Target Company in the field of electric power (including, but not limited to, that field), as well as their business support and personnel exchanges (including, but not limited to, the field of electric power), will be maintained in the same manner as before the implementation of the Transaction and (ii) the Tender Offeror, Sumitomo Electric Industries, and the Target Company have agreed that, after the implementation of the Transaction, Sumitomo Electric Industries and the Target Company will begin discussions and deliberations on cooperating in construction work related to renewable energy power plant development projects of the Tender Offeror Group.

In addition, the Business Alliance Agreement includes provisions regarding consultation among the parties, the establishment of a business alliance council, cooperation in connection with the Transaction, confidentiality, termination and cancellation of the agreement, restrictions on public disclosure, prohibition of assignment and similar actions, governing law and jurisdiction, and other general provisions.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(a) Name	Sumitomo Densetsu Co., Ltd.	
(b) Address	2-1-4 Awaza, Nishi-ku, Osaka-shi, Osaka	
(c) Name and title of representative	Makoto Tani, President and Director	
(d) Details of business	Engineering services and equipment sales related to facility construction	
(e) Capital	JPY 6,440 million (as of September 30, 2025)	
(f) Date of incorporation	April 20, 1950	
(g) Major shareholders and shareholding ratios (as of March 31, 2025)	Sumitomo Electric Industries, Ltd.	50.68%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.10%
	Goldman Sachs International (Standing Proxy) Goldman Sachs Japan Co., Ltd.	3.31%
	Custody Bank of Japan, Ltd. (Trust Account)	2.79%
	JP Morgan Chase Bank 385632	2.57%

	(Standing Proxy) Mizuho Bank, Ltd., Settlement & Clearing Services Department		
	MSIP Client Securities (Standing Proxy) Morgan Stanley MUFG Securities Co., Ltd.	2.33%	
	Sumitomo Densetsu Co., Ltd.	2.15%	
	HOKKOH Transportation Inc.	1.77%	
	Sumitomo Densetsu Employee Stock Ownership Association	1.62%	
	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy) MUFG Bank, Ltd.	1.07%	
(h) Relationships between the Tender Offeror and the Target Company			
	Capital relationships	Not applicable.	
	Personnel relationships	Not applicable.	
	Business relationships	The Target Company receives orders for equipment construction and related work from the Tender Offeror.	
	Applicability to the related parties	Not applicable.	
(i) Consolidated operating results and financial position of the Target Company for the past three years			
Fiscal year-end	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Consolidated net assets	JPY 99,618 million	JPY 110,932 million	JPY 119,178 million
Consolidated total assets	JPY 162,587 million	JPY 181,664 million	JPY 197,577 million
Consolidated net assets per share	JPY 2,681.14	JPY 2,988.28	JPY 3,232.72
Consolidated sales	JPY 175,120 million	JPY 185,524 million	JPY 203,639 million
Consolidated operating profit	JPY 13,461 million	JPY 12,548 million	JPY 17,886 million

Consolidated current profit	JPY 14,394 million	JPY 13,502 million	JPY 18,914 million
Net income attributable to the shareholders of the parent company	JPY 9,384 million	JPY 10,060 million	JPY 12,800 million
Consolidated net profit per share	JPY 265.05	JPY 284.09	JPY 363.52
Dividends per share	JPY 94.00	JPY 106.00	JPY 146.00

(Note) “(g) Major shareholders and shareholding ratios (as of March 31, 2025)” is based on the “Status of the Major Shareholders” of the 100th Annual Securities Report submitted by the Target Company on June 25, 2025.

(2) Type of Share Certificates to Be Purchased

Common shares

(3) Schedule

(a) Schedule

Date of resolution of the Board of Directors	October 30, 2025 (Thursday)
Date of public notice of commencement of the Tender Offer	October 31, 2025 (Friday) Public notices will be made electronically via the Internet, and a notice to that effect will be published in the Nihon Keizai Shimbun. (URL of electronic notices: https://disclosure2.edinet-fsa.go.jp/)
Submission date of Tender Offer Registration Statement	October 31, 2025 (Friday)

(b) Tender offer period as stated in the Initial Notification

From October 31, 2025 (Friday) to December 15, 2025 (Monday) (30 Business Days)

(c) Possibility of extension upon request by the Target Company

Not applicable.

(4) Tender Offer Price

JPY 9,760 per share of common stock

(5) Basis for the Calculation of the Tender Offer Price

(i) Basis of Calculation

To ensure the fairness of the Tender Offer Price, the Tender Offeror requested Mizuho Securities, a financial advisor and third-party appraiser independent from the Tender Offer-Related Parties, to evaluate the value of the Target Company Shares, and obtained the Share Valuation Report (Mizuho Securities) dated October 29, 2025.

Mizuho Securities is not a related party of any of the Tender Offer-Related Parties and does not have any material interest in the Transaction. Mizuho Bank, a group company of Mizuho Securities, has the status of a shareholder of the Tender Offeror and conducts loan transactions and other ordinary banking transactions with both the Tender Offeror and Sumitomo Electric Industries, and is expected to provide loans to the Tender Offeror for the funds required for the purchase. Mizuho Trust & Banking Co., Ltd. (“Mizuho Trust & Banking”), a group company of Mizuho Securities, conducts loan transactions and other ordinary banking transactions with the Tender Offeror, but it does not have any material interest involving any conflict of interest with the Tender Offer-Related Parties in connection with the Transaction. According to Mizuho Securities, in accordance with Article 36 of the Act and Article 70-4 of the Cabinet Office Order on Financial Instruments Business (Cabinet Office Order No. 52 of 2007, as amended), it has established and implemented appropriate conflict of interest management systems between Mizuho Securities, Mizuho Bank, and Mizuho Trust & Banking, and has conducted the valuation from an independent position, separate from Mizuho Bank’s status as a shareholder and lender and Mizuho Trust & Banking’s status as a lender. The Tender Offeror appointed Mizuho Securities as an independent third-party appraiser, taking into consideration that appropriate measures to prevent conflicts of interest have been implemented among Mizuho Securities, Mizuho Bank, and Mizuho Trust & Banking, that transactions between the Tender Offeror and Mizuho Securities are conducted under terms equivalent to those with ordinary business partners, ensuring the independence of Mizuho Securities as a third-party appraiser, and that Mizuho Securities has a proven track record of acting as a third-party appraiser in similar cases in the past.

After examining the financial condition of the Target Company and trends in the market price of the Target Company Shares, Mizuho Securities determined that it would be appropriate to conduct a multifaceted evaluation and, after considering which valuation methods to adopt from among multiple approaches, it conducted a valuation of the Target Company Shares using the market price analysis, the comparable company analysis, and the DCF analysis. The ranges of the per-share value of the Target Company Shares calculated using each of the above methods are as follows.

Market Price Analysis: JPY 6,471 to JPY 7,620

Comparable Company Analysis: JPY 5,393 to JPY 6,867

DCF Analysis: JPY 6,612 to JPY 8,692

Under the market price analysis, using October 29, 2025, the Business Day immediately preceding the announcement date of the Tender Offer, as the valuation reference date, Mizuho Securities calculated the value per share of the Target Company Shares to be in the range of JPY 6,471 to JPY 7,620, based on the closing price of JPY 7,620 on the Prime Market of the Tokyo Stock Exchange on the reference date, the simple average closing price of JPY 6,914 for the one-month period up to that date, the simple average closing price of JPY 6,804 for the

three-month period up to that date, and the simple average closing price of JPY 6,471 for the six-month period up to that date.

Under the comparable company analysis, Mizuho Securities calculated the per-share value range of the Target Company Shares to be from JPY 5,393 to JPY 6,867, based on a comparison with the market prices and financial indicators such as profitability of listed companies engaged in businesses relatively similar to that of the Target Company.

Under the DCF analysis, based on the business plan for the fiscal years ending March 2026 through March 2029 provided by the Target Company and taking into account factors such as recent performance trends, the results of the due diligence conducted by the Tender Offeror on the Target Company from late July to early September 2025, and publicly available information, Mizuho Securities calculated the corporate value and share value of the Target Company by discounting to present value the free cash flows expected to be generated by the Target Company from the fiscal year ending March 2026 onward using a certain discount rate, and determined that the value per share of the Target Company Shares ranges from JPY 6,612 to JPY 8,692. In addition, the synergies expected to be realized through the execution of the Transaction, excluding the cost reduction effects such as those related to maintaining the listing, have not been reflected, as it is currently difficult to specifically estimate their impact on earnings.

Taking into account the valuation results set forth in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, as well as the results of the due diligence conducted on the Target Company, trends in the market price of the Target Company Shares, the decisions by the Board of Directors of the Target Company and the Special Committee regarding whether to support the Tender Offer, and the outlook for shareholder participation in the Tender Offer, the Tender Offeror ultimately decided today to set the Tender Offer Price at JPY 9,760.

The Tender Offeror obtained from the Target Company and Sumitomo Electric Industries information necessary to calculate the amount of the deemed dividends as provided under the Corporation Tax Act that would arise if Sumitomo Electric Industries were to participate in the Share Buy Back, and, after examining the Tender Offer Price and the Share Buy Back Price, on October 30, 2025, the Tender Offeror decided, from the perspective of maximizing the Tender Offer Price while ensuring fairness among shareholders and in consideration of the tax benefits arising for Sumitomo Electric Industries as a result of the application of the non-inclusion rule to the deemed dividend amount, to share those benefits with the other minority shareholders by calculating the prices so that (i) the after-tax proceeds that Sumitomo Electric Industries will receive from the Share Buy Back will be equivalent to (ii) the after-tax proceeds it would have received had it tendered its shares in the Tender Offer, and the Tender Offeror therefore set the Tender Offer Price at JPY 9,760 per share and the Share Buy Back Price at JPY 6,877 per share.

The Tender Offer Price of JPY 9,760 represents a premium of 28.08% over the closing price of JPY 7,620 for the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, which was the Business Day immediately preceding the date of the public announcement of the Tender Offer, a premium of 41.06% over the simple average closing price of JPY 6,914 for the one-month period up to that date, a premium of 43.45% over the simple average closing price of JPY 6,804 for the three-month period up to that date, and a premium of 50.83% over the simple average closing price of JPY 6,471 for the six-month period up to that date.

(Note) For the calculation of the value of the Target Company's shares, Mizuho Securities, in principle, relied on the information provided by the Target Company and publicly available information as is, based on the assumption that all of those materials and information are accurate and complete and that there are no undisclosed facts that could have a material impact on the analysis or valuation of the Tender Offer Price, and Mizuho Securities has not independently verified the accuracy of that information. In addition, with respect to the information on the Target Company's financial projections, it was assumed that that information has been reasonably prepared based on the best forecasts and judgments available at the time of valuation by the management of the Target Company, and that the management of the Tender Offeror has reviewed the contents of those projections and approved their use by Mizuho Securities in its valuation analysis. Further, Mizuho Securities has not conducted any independent evaluation or assessment with respect to the assets and liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Target Company and its affiliates and it has not commissioned a third-party institution to conduct any appraisal or assessment. The valuation by Mizuho Securities reflects the above information as of October 29, 2025.

(ii) Process of calculation

(Background to the Determination of the Tender Offer Price)

See “(a) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” in “1 Purpose of Tender Offer” above.

(iii) Relationship with the Appraiser

Mizuho Securities as the financial advisor and the independent third-party appraiser is not a related party of any of the Tender Offer-Related Parties and does not have any material interest in the Tender Offer.

(6) Number of Shares to be Purchased

Class of Share Certificates	Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common shares	17,362,680 shares	3,880,000 shares	- shares
Total	17,362,680 shares	3,880,000 shares	- shares

(Note 1) If the total number of Tendered Share Certificates is less than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates. If the total number of Tendered Share Certificates is equal to or more than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will purchase any of the Tendered Share Certificates.

(Note 2) Since no maximum number of shares to be purchased has been set for the Tender Offer, the number of shares to be purchased is stated as 17,362,680 shares, which is the

maximum number of Target Company Shares that the Tender Offeror will purchase in the Tender Offer. That represents the number of shares obtained by deducting the Non-Tendered Shares (17,828,151 shares) from the Reference Number of Shares (35,190,831 shares), resulting in 17,362,680 shares.

(Note 3) Shares less than one unit are also subject to the Tender Offer. If a right to request a purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company might purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

(Note 4) The Tender Offer does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

(7) Changes to Share Ownership Ratios due to the Tender Offer

Number of voting rights represented by the Share Certificates held by the Tender Offeror prior to the Tender Offer	— voting rights	(Ownership ratio of Share Certificates prior to the Tender Offer: —%)
Number of voting rights represented by the Share Certificates held by specially related parties prior to the Tender Offer	178,281 voting rights	(Ownership ratio of Share Certificates prior to the Tender Offer: 50.66%)
Number of voting rights represented by the Share Certificates held by the Tender Offeror after the Tender Offer	173,626 voting rights	(Proportion of ownership of Share Certificates after the Tender Offer: 49.34%)
Number of voting rights represented by the Share Certificates held by specially related parties after the Tender Offer	178,281 voting rights	(Ownership ratio of Share Certificates after the Tender Offer: 50.66%)
Number of voting rights of all shareholders of the Target Company	351,231 voting rights	

(Note 1) “Number of voting rights represented by the Share Certificates held by the Tender Offeror after the Tender Offer” means the number of voting rights corresponding to the number of shares scheduled to be purchased in the Tender Offer (17,362,680 shares).

(Note 2) “Number of voting rights represented by the Share Certificates held by specially related parties prior to the Tender Offer” means the total number of voting rights pertaining to the Share Certificates owned by each specially related party (excluding those who are excluded from the category of specially related parties under Article 3, paragraph (2), item (i) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of

1990, as amended; the “Cabinet Office Order”) in the calculation of the shareholding ratio under each item of Article 27-2, paragraph (1) of the Act). [The Tender Offeror intends to confirm the Share Certificates of the Target Company owned by the specially related parties on and after today and, if any corrections are necessary, to disclose the corrected information.]

(Note 3) “Number of voting rights of all shareholders of the Target Company” means the total number of voting rights of all shareholders of the Target Company as stated in the Target Company’s 100th Annual Securities Report submitted on June 25, 2025. However, since the Tender Offer also covers shares less than one unit (excluding shares less than one unit held by the Target Company), the “ownership ratio of Share Certificates prior to the Tender Offer” and the “ownership ratio of Share Certificates after the Tender Offer” have been calculated using as the denominator the number of voting rights (351,908 voting rights) corresponding to the Reference Number of Shares (35,190,831 shares).

(Note 4) The “ownership ratio of Share Certificates prior to the Tender Offer” and the “ownership ratio of Share Certificates after the Tender Offer” have been rounded to two decimal places.

(8) Purchase Price JPY 169,459 million

(Note) The “purchase price” is calculated by multiplying the number of shares scheduled to be purchased in the Tender Offer (17,362,680 shares) by the Tender Offer Price (JPY 9,760).

(9) Method of Settlement

(a) Name and Location of Securities Companies, Banks, and Other Financial Institutions Handling Settlement of the Tender Offer

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

Rakuten Securities, Inc. (Sub-Agent) 2-6-21 Minami-Aoyama, Minato-ku, Tokyo

(b) Commencement Date of the Settlement

December 22, 2025 (Monday)

(c) Method of Settlement

(If shares are tendered through Mizuho Securities Co., Ltd.)

A notice of purchase, etc. through the Tender Offer will be sent by mail without delay after the end of the Tender Offer Period to the address of the the shareholder tendering shares in the Tender Offer (the “Tendering Shareholder”) (or to the standing proxy in the case of a Foreign Shareholder). The purchase will be settled in cash. The sale proceeds for the purchased Share Certificates will be either remitted by the Tender Offer Agent to the location designated by the Tendering Shareholder (or the standing proxy in the case of a shareholders residing outside Japan (including corporate shareholders, the “Foreign Shareholder”)) or paid into the account of the Tendering Shareholder that submitted the application to the Tender Offer Agent without delay on or after the commencement date of the settlement, as instructed by the Tendering Shareholder (or the standing proxy in the case of a Foreign Shareholder).

(If shares are tendered through Rakuten Securities, Inc.)

A notice of purchase, etc. through the Tender Offer will be delivered to the Tendering Shareholder by electronic means without delay after the end of the Tender Offer Period. The purchase will be settled in cash. The sale proceeds for the purchased Share Certificates will be paid by the Sub-Agent into the Tendering Shareholder Account (Sub-Agent) without delay on or after the commencement date of the settlement.

(d) Method of Returning Share Certificates

(If shares are tendered through Mizuho Securities Co., Ltd.)

If, based on the conditions described in “(a) Terms Listed in Each Item of Article 27-13, Paragraph (4) of the Act and Details Thereof” or “(b) Conditions for Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosing the Withdrawal” in “10. Other Terms and Methods of the Tender Offer” below, not all of the Tendered Share Certificates are purchased, the Tender Offer Agent will promptly return the Share Certificates that need to be returned on or after the second Business Day following the last day of the Tender Offer Period (or the date of withdrawal, etc. in the case of a withdrawal of the Tender Offer).

(If shares are tendered through Rakuten Securities, Inc.)

If, based on the conditions described in “(a) Terms Listed in Each Item of Article 27-13, Paragraph (4) of the Act and Details Thereof” or “(b) Conditions for Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosing the Withdrawal” in “10. Other Terms and Methods of the Tender Offer” below, not all of the Tendered Share Certificates are purchased, the Sub-Agent will promptly return the Share Certificates that need to be returned on the second Business Day following the last day of the Tender Offer Period (or the date of withdrawal, etc. in the case of a withdrawal of the Tender Offer).

(10) Other Terms and Methods of the Tender Offer

(a) Terms Listed in Each Item of Article 27-13, Paragraph (4) of the Act and Details Thereof

If the total number of Tendered Share Certificates is less than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates. If the total number of Tendered Share Certificates is equal to or more than the minimum number of shares to be purchased (3,880,000 shares), the Tender Offeror will purchase any of the Tendered Share Certificates.

(b) Conditions for Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosing the Withdrawal

If any event specified in Article 14, paragraph (1), item (i)(a) through (j) and (m) through (s), item (iii)(a) through (h) and (j), or paragraph (2), items (iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended, the “Enforcement Order”) occurs, the Tender Offer may be withdrawn. The phrase “facts equivalent to those listed in items (a) through (i)” as set forth in Article 14, paragraph (1), item (iii)(j) of the Enforcement Order refers to cases where (i) it is found that any statutory disclosure documents previously submitted by the Target Company contains a false statement regarding material matters or omits material matters that should have been stated or

(ii) any of the facts listed in items (a) through (g) of that item has occurred with respect to a material subsidiary of the Target Company.

If the Tender Offeror intends to withdraw the Tender Offer, it will issue an electronic public notice and publish a notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method prescribed in Article 20 of the Cabinet Office Order and issue a public notice immediately thereafter.

(c) Conditions for a Reduction in the Purchase Price, Details Thereof, and Method of Disclosing the Reduction

If the Target Company engages in any act prescribed in Article 13, paragraph (1) of the Enforcement Order during the Tender Offer Period, the Tender Offeror might reduce the purchase price based on the standards set forth in Article 19, paragraph (1) of the Cabinet Office Order, in accordance with Article 27-6, paragraph (1), item (i) of the Act.

If the Tender Offeror intends to reduce the purchase price, it will issue an electronic public notice and publish a notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method prescribed in Article 20 of the Cabinet Office Order and issue a public notice immediately thereafter. If the purchase price is reduced, the Tender Offeror will also purchase the Tendered Share Certificates tendered on or prior to the date of that public notice at the reduced purchase price.

(d) Matters Concerning the Right of Tendering Shareholders to Cancel Their Tender Agreements

(If shares are tendered through Mizuho Securities Co., Ltd.)

A Tendering Shareholder may, at any time during the Tender Offer Period, cancel its agreement under the Tender Offer. To cancel the agreement, please deliver or send a written notice stating your intention to cancel a tender agreement related to the Tender Offer (the “Cancellation Notice”) to the head office or any branch office in Japan of the Tender Offer Agent that accepted your tender by 3:00 pm on the last day of the Tender Offer Period. The cancellation of the tender agreement will become effective when the Cancellation Notice is delivered to or received by the Tender Offer Agent. Accordingly, if the Cancellation Notice is sent by mail, please note that the agreement cannot be canceled unless the Cancellation Notice is received by the Tender Offer Agent by 3:00 pm on the last day of the Tender Offer Period.

Person Authorized to Receive a Cancellation Notice

Mizuho Securities Co., Ltd.

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

(Any other branch office of Mizuho Securities Co., Ltd. in Japan)

(If shares are tendered through Rakuten Securities, Inc.)

A Tendering Shareholder may, at any time during the Tender Offer Period, cancel its agreement under the Tender Offer. To cancel the tender agreement, log in to the website of Rakuten Securities, Inc., the Sub-Agent (<https://www.rakuten-sec.co.jp/>), and complete the cancellation procedures by 3:30 pm on the last day of the Tender Offer Period via the “Domestic

Stocks” → “Tender Offer Bid (TOB)” screen.

Person Authorized to Receive Request for Cancellation

Rakuten Securities, Inc.

2-6-21 Minami-Aoyama, Minato-ku, Tokyo

(e) Method of Disclosure if the Purchase Conditions are Changed

The Tender Offeror may change the purchase conditions during the Tender Offer Period unless those changes are prohibited under Article 27-6, paragraph (1) of the Act and Article 13 of the Enforcement Order. If the Tender Offeror intends to change the purchase conditions, it will issue an electronic public notice regarding the details of those changes and publish a notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method prescribed in Article 20 of the Cabinet Office Order and issue a public notice immediately thereafter. If the purchase conditions are changed, the Tender Offeror will also purchase the Tendered Share Certificates tendered on or prior to the date of that public notice based on those changed purchase conditions.

(f) Method of Disclosure if an Amended Tender Offer Registration Statement is Submitted

If the Tender Offeror submits an amended tender offer registration statement to the Director-General of the Kanto Local Finance Bureau (excluding the cases provided for in the proviso of Article 27-8, paragraph (11) of the Act), the Tender Offeror will immediately make a public announcement by the method prescribed in Article 20 of the Cabinet Office Order of the matters stated in the amended statement that relate to the matters set forth in the public notice of commencement of the Tender Offer. The Tender Offeror will also immediately amend the explanatory statement related to the Tender Offer and deliver the amended explanatory statement related to the Tender Offer to the Tendering Shareholders to whom the original statement has already been delivered. However, if the scope of the amendment is limited, the Tender Offeror may instead prepare a document stating the reason for the amendment, the amended items, and the content after the amendment, and deliver that document to the Tendering Shareholders.

(g) Method of Disclosing the Results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period in the manner prescribed in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Order.

(11) Date of Public Notice

October 31, 2025 (Friday)

(12) Tender Offer Agent

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

The Tender Offer Agent has appointed the following Sub-Agent to undertake a portion of its administrative duties.

3. Policies and Outlook After the Tender Offer

For policies and outlook after the tender offer, please see “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer,” “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” and “(5) Expected Delisting and Reasons Therefor” in “1. Purpose of Tender Offer” above.

4. Other Matters

(1) Agreements Between the Tender Offeror and the Target Company or Its Officers and Details Thereof

For policies and outlook after the tender offer, please see “(2) Background, Purpose, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer,” “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” and “(5) Expected Delisting and Reasons Therefor” in “1. Purpose of Tender Offer” above.

(a) Expressions of Support for the Tender Offer

According to the Target Company Press Release, the Target Company resolved at its Board of Directors meeting held today to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

For details, see the Target Company Press Release and “(g) Approval by All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members” in “(3) Measures to Ensure the Fairness of the Transaction Including the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “1. Purpose of the Tender Offer” above.

(b) Share Buy Back

According to the Target Company Press Release, the Target Company plans to conduct the Share Buy Back after the Share Consolidation takes effect following the completion of the Tender Offer as part of the Transaction.

For details, see the Target Company Press Release and “(1) Outline of the Tender Offer” in “1. Purpose of the Tender Offer” above.

(c) Business Alliance Agreement

The Tender Offeror entered into the Business Alliance Agreement date today with Sumitomo Electric Industries and the Target Company for the purpose of continuing and developing the business serving electric power companies in which Sumitomo Electric Industries and the Target Company have operated in an integrated manner to date.

For details, see “(6) Matters Related to Material Agreements Concerning the Tender Offer” in “1. Purpose of the Tender Offer” above.

- (2) Other Information Deemed Necessary for Investors to Make an Informed Decision on Whether to Tender Their Shares
 - (a) Announcement of the Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending March 31, 2026 (Japanese GAAP)

The Target Company announced the Target Company Second Quarter Financial Summary today through the Tokyo Stock Exchange. For details, see the contents of that announcement.

- (b) Announcement of “Notice Regarding Revision to Forecast of Year-End Dividends for the Fiscal Year Ending March 31, 2026 (No Dividend)”

According to the Target Company, at the meeting of its Board of Directors held today, it resolved to revise the year-end dividends for the fiscal year ending March 31, 2026 and not to distribute year-end dividends for that fiscal year conditional upon the successful completion of the Tender Offer. For further details, see the contents of that announcement.

- (3) Differences Between the Forecasts and Results for the Consolidated Financial Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2026, and Revisions to the Full-Year Consolidated Earnings Forecast

The Target Company announced Differences Between the Forecasts and Results for the Consolidated Financial Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2026, and Revisions to the Full-Year Consolidated Earnings Forecast today. For further details, see the contents of that announcement.

[Restrictions on Solicitation]

This Press Release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This Press Release does not constitute, or form a part of, an offer to sell or a solicitation of an offer to sell or a solicitation of an offer to purchase securities, and neither this Press Release (in whole or in part) nor its distribution will form the basis of an agreement related to the Tender Offer or be relied on in connection with the execution of such an agreement.

[Forward-Looking Statements]

This Press Release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act of 1934. Actual results might differ materially from the projections or other forward-looking statements, whether expressed or implied, due to known or unknown risks, uncertainties, or other factors. None of the Tender Offeror, the Target Company, or any of their affiliates guarantees that the matters expressed or implied in these "forward-looking statements" will be achieved. The forward-looking statements in this Press Release and the documents referenced in this Press Release have been prepared based on information that is available to the Tender Offeror and the Target Company as of today, and except where required by law, none of the Tender Offeror, the Target Company, or any of their affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.

[Restrictions in the United States]

The common shares of the Target Company, which is a company incorporated in Japan, are subject to the Tender Offer. The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the laws of Japan, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. Specifically, Section 13(e) or Section 14(d) of the Securities Exchange Act of 1934 (as amended; the "Securities Exchange Act") and the rules promulgated under that Section do not apply to the Tender Offer, and the Tender Offer is not conducted in accordance with the procedures and standards thereunder. Financial information contained in this Press Release and in the reference material pertaining hereto has been prepared in accordance with Japanese accounting standards, which might be materially different from generally accepted accounting standards in the U.S. or other countries. In addition, since the Tender Offeror and the Target Company are corporations established outside the United States and all or some of their officers reside outside the United States, it might be difficult to exercise or assert rights based on U.S. securities laws. In addition, it might not be possible to initiate legal proceedings in courts outside the United States against a non-U.S. corporation and its officers based on violations of U.S. securities laws. Further, the jurisdiction of U.S. courts might not necessarily extend to a non-U.S. corporation or its affiliates. Also, there is no guarantee that shareholders can compel corporations established outside the United States or their affiliates to submit to the jurisdiction of U.S. courts.

Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted in Japanese. Although all or some of the documents relating to the Tender Offer might be prepared in English, if there is any discrepancy between the English and Japanese versions, the Japanese version will prevail.

The Tender Offeror and its affiliates, the financial advisors of the Tender Offeror and the Target Company, and the tender offer agent (including their respective affiliates) might, in the ordinary course of their business and to the extent permitted under Japanese financial instruments transaction-related laws and other applicable laws and regulations, and in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act, purchase or take actions to purchase common shares or related securities of the Target Company for their own account or for the account of their clients before the commencement of, or outside the Tender Offer during, the Tender Offer Period. Those purchases might be made at market prices through market transactions or at prices determined through negotiations outside the market. If information regarding any such purchase is disclosed in Japan, it will also be disclosed in English in the United States on the English language website of the person making that purchase or their affiliate (or by another means of disclosure).

[Other Countries]

The announcement, issuance, or distribution of this Press Release might be subject to legal restrictions in certain countries or regions. In such cases, please be aware of and comply with any such restrictions. The announcement, etc. of this Press Release does not constitute a solicitation of an offer to purchase or sell share certificates in connection with the Tender Offer and is to be deemed solely as the distribution of materials for informational purposes.