

[Translation]

This document is an English translation of the official Japanese version of the Press Release published on April 10, 2025 (the “**Official Japanese Version**”). This English translation was prepared for your reference, to help you understand what is stated in the Official Japanese Version. In the event of any discrepancy between the Official Japanese Version and the English translation, the Official Japanese Version will prevail.

April 10, 2025

To whom it may concern:

Company Name:	MINEBEA MITSUMI Inc.
Representative:	Representative Director, CEO & COO Yoshihisa Kainuma (Code No. 6479, TSE Prime)
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Notice regarding Scheduled Commencement of Tender Offer of Shares of SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957)

MINEBEA MITSUMI Inc. (the “**Offeror**”) hereby announces today that it resolved at a meeting of its Board of Directors held on April 10, 2025, to acquire shares of common stock in SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957, listed on the Standard Market of the Tokyo Stock Exchange (the “**TSE**”); the “**Target Company**”) (such shares, the “**Target Company Shares**”) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”) (the “**Tender Offer**”), with the details as described below.

The Offeror intends to commence the Tender Offer on or around April 23, 2025 subject to the satisfaction or waiver by the Offeror of all of the conditions precedent to the Tender Offer (as defined in “(1) Outline of the Tender Offer” in “1. Purpose of Tender Offer” below; the same applies hereinafter). The Offeror will make an announcement promptly upon having decided to commence the Tender Offer.

1. Purpose of Tender Offer

(1) Outline of the Tender Offer

The Offeror resolved at a meeting of its Board of Directors held on April 10, 2025 that if the conditions precedent to the Tender Offer set forth in (i) through (v) below (the “**Tender Offer Preconditions**”) are satisfied or waived by the Offeror, then (a) the Offeror will carry out the Tender Offer and a series of procedures to make the Offeror the sole shareholder of the Target Company (the “**Squeeze Out Process**”), as part of the transactions to acquire all of the shares of the Target Company listed on the TSE Standard Market (excluding treasury shares held by the Target Company) and make the Offeror and Advantage Partners Pte. Ltd. (“**AP**”)

or an affiliate) of AP as designated by AP (together with AP, collectively, “**AP Group**”) to be the only shareholders of the Target Company (the “**Transactions**”), and also (b) the Offeror will enter into with AP a Memorandum of Understanding (the “**MOU**”) regarding (A) the transfer of 5% of the Target Company Shares held by the Offeror promptly after the completion of the Squeeze Out Process (the “**Share Transfer**”) and (B) the handling of the Target Company Shares to be held by the Offeror and AP after the Transactions have been completed. As of today, the Offeror and AP hold no Target Company Shares. With regard to the relationship between the Offeror and AP, as well as the purpose of this Share Transfer, please refer to “(A) Background, purpose, and decision-making process of the Offeror that led to the decision to implement the Tender Offer” in “(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer” below.

- (i) At a meeting of the Target Company’s Board of Directors, the Target Company’s Board of Directors has resolved 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, and such supporting opinion has been made public pursuant to the laws and regulations and has not been changed or withdrawn;
 - (ii) The “**Special Committee**” (defined in “(A) Background, purpose, and decision-making process of the Offeror that led to the decision to implement the Tender Offer” in “(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer” below; the same applies hereinafter) has made an affirmative report to the Target Company’s Board of Directors that the Target Company’s Board of Directors should resolve to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer, and such report has not been changed or withdrawn;
 - (iii) At the 67th Ordinary General Meeting of Shareholders to be held by the Target Company on June 16, 2025, no proposal regarding the distribution of surplus from the Target Company to its shareholders was made by the shareholders, and as of the record date of the said General Meeting of Shareholders the shareholders have not made a proposal regarding the distribution of surplus from the Target Company to its shareholders, as exercise of the shareholders’ right to propose (meaning the right set forth in Article 303 or 305 of the Companies Act (Act No. 86 of 2005, as amended; the “**Companies Act**”); the same applies hereinafter) by the deadline for exercising such right, which is April 21 2025;
 - (iv) There are no reasons for the Offeror to withdraw the Tender Offer under applicable laws and regulations from and after today (Note 1); and
 - (v) The Offeror does not acknowledge any material facts (those set forth in Article 166, Paragraph 2 of the Act) concerning the businesses with respect to the Target Company nor any facts pertaining to a tender offer with respect to the share certificates, etc., of the Target Company (those set forth in Article 167, Paragraph 2 of the Act) that have not been made public by the Target Company (the meaning set forth in Article 166, Paragraph 4 or Article 167, Paragraph 4 of the Act).
- (Note 1) The Offeror has determined that a notification under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “**Antitrust Act**”) (the “**Prior Notification**”) will be required and intends to submit the Prior Notification to the Japan Fair Trade Commission promptly following date hereof. Pursuant to Article 10, Paragraph 8 of the Antitrust Act, the Offeror may not acquire the Target Company Shares through the Transactions until 30 days (this period may be shortened) have passed from the date on which the Prior Notification was accepted.

According to the “Notice Regarding Expression of Opinion in Support of the Scheduled Commencement of the Tender Offer for the Company’s Shares by MINEBEA MITSUMI Inc. and Recommendation to Tender Shares in Tender Offer”(the “**Press Release Regarding Target Company’s Expression of Opinion in Favor of the Tender Offer**”) published by the Target Company on April 10, 2025, the Target Company has stated that, as its current opinion, it has resolved that, in the event the Tender Offer is commenced, it will express its support for the Tender Offer and recommend that its shareholders tender their shares in the Tender Offer.

In addition, regarding the scheduled commencement of the tender offer for the Target Company Shares (the “**YAGEO Tender Offer**”) by YAGEO Corporation (“**YAGEO**”), scheduled to commence on May 7, 2025 (the “**YAGEO Tender Offer**”), as part of a series of transactions by an intermediate holding company established by YAGEO, YAGEO Electronics Japan LLC (together with YAGEO Electronics Japan LLC and the consolidated subsidiaries of YAGEO, collectively, the “**YAGEO Group**”) aiming at making the Target Company its wholly owned subsidiary (the “**YAGEO Transactions**”) as stated in the “Notice Regarding Scheduled Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957) by an Intermediate Holding Company YAGEO Corporation Plans to Establish” on February 5, 2025 (the “**Press Release Regarding YAGEO Scheduled Tender Offer**”) and “(Amendment) Notice Regarding Partial Amendments to the Press Release Titled ‘Notice Regarding Scheduled Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957)’” on March 28, 2025 (the “**Press Release Regarding Amendment to YAGEO Scheduled Tender Offer**”) both announced by YAGEO, the Target Company also resolved at the Board of Directors meeting, as the Target Company’s opinion at this time by unanimous vote of all directors that if the YAGEO Tender Offer is commenced, it will express its opposition to it and encourage the Target Company’s shareholders not to tender their shares in the YAGEO Tender Offer, because the YAGEO Tender Offer and the Tender Offer which its Board of Directors has resolved to express its opinion in support and recommend the shareholders to tender their shares, as mentioned above, are mutually exclusive. For details regarding the above resolution, please see “Notice Regarding Expression of Opposing Opinion for the Scheduled Commencement of Tender Offer for the Company Shares by YAGEO Electronics Japan LLC (the “**Press Release Regarding Opposing Opinion from the Target Company**”) announced by the Target Company on April 10, 2025.

Additionally, the Target Company plans, at the time of the commencement of either the Tender Offer or the YAGEO Tender Offer, to again consult with the Special Committee as to whether any changes should be made to the report submitted by the Special Committee to the Target Company’s Board of Directors on April 10, 2025 (the “**Report**”). The Special Committee will be asked to review the Report and, if there are no changes, to confirm that its original opinion remains unchanged, or, if there are any changes, to provide a revised opinion. Based on such opinion, the Target Company intends to express its opinion again with respect to the Tender Offer and the YAGEO Tender Offer.

The Tender Offer is scheduled to be promptly commenced once all of the Tender Offer Preconditions have been satisfied or waived by the Offeror. As of today, the commencement of the Tender Offer is planned for around April 23, 2025.

In connection with the Tender Offer, the Offeror has, as of April 10, 2025, entered into tender agreements regarding the tender of all of the Target Company Shares held by the following shareholders: (i) a tender agreement with NISSEI ELECTRIC CO., LTD (“**Nissei Electric**”) concerning all 341,000 shares of the Target Company held by Nissei Electric (shareholding ratio (Note 2): 2.26%) (the “**Tender Agreement (Nissei Electric)**”); (ii) a tender agreement with NISSEI OPTO CO., LTD (“**Nissei Opto**”) concerning all 100,000 shares of the Target Company held by Nissei Opto (shareholding ratio: 0.66%) (the “**Tender Agreement (Nissei Opto)**”); (iii) a tender agreement with NIHON KOHDEN CORPORATION (“**Nihon Kodon**”) concerning all 61,226 shares of the Target Company held by Nihon Kodon (shareholding ratio: 0.41%) (the “**Tender Agreement (Nihon Kodon)**”); (iv) a tender agreement with Saitama Resona Bank, Limited

(“**Saitama Resona Bank**”) concerning all 695,640 shares of the Target Company held by Saitama Resona Bank (shareholding ratio: 4.61%) (the “**Tender Agreement (Saitama Resona Bank)**”); (v) a tender agreement with J and S INSURANCE SERVICE Co., Ltd. (“**J and S**”) concerning all 213,310 shares of the Target Company held by J and S (shareholding ratio: 1.41%) (the “**Tender Agreement (J and S)**”); and (vi) a tender agreement with Resona Leasing Co., Ltd. (“**Resona Leasing**”, and together with Nissei Electric, Nissei Opto, Nihon Kodan, Saitama Resona Bank, and J and S, the “**Tendering Shareholders**”) concerning all 13,310 shares of the Target Company held by Resona Leasing (shareholding ratio: 0.09%) (the “**Tender Agreement (Resona Leasing)**”; collectively with the Tender Agreement (Nissei Electric), the Tender Agreement (Nissei Electric), the Tender Agreement (Nihon Kodan), the Tender Agreement (Saitama Resona Bank), the Tender Agreement (J and S), and Tender Agreement (Resona Leasing), the “**Tender Agreements**”).

The Offeror has set the “**minimum number of shares to be purchased in the Tender Offer**” to be 7,539,900 shares (shareholding ratio: 50.01%) (Note 4). If the total number of share certificates, etc., tendered in the Tender Offer (“**Tendered Shares**”) is less than 7,539,900 shares, none of the Tendered Shares shall be purchased. On the other hand, since the Offeror aims to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) in the Transactions, the Offeror has not set a maximum number of shares to be purchased in the Tender Offer, and if the total number of Tendered Shares is greater than the minimum number of shares to be purchased in the Tender Offer (7,539,900 shares), the Offeror will purchase all of the Tendered Shares.

In addition, if the Tender Offer is completed, the Offeror plans to implement the Squeeze Out Process as described in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)” below. Furthermore, the Offeror plans to promptly conduct the Share Transfer after the completion of the Squeeze Out Process, and the percentage of voting rights in the Target Company Shares held by the Offeror and AP Group after the completion of the Share Transfer is expected to be 95% and 5%, respectively.

(Note 2) The “**shareholding ratio**” refers to the ratio (“**rounded to the second decimal place**”) of shares of the Target Company held, calculated based on the total number of issued shares as of December 31, 2024 (15,559,730 shares), as stated in the “Consolidated Financial Results for the Nine Months Ended December 31, 2024 Japanese GAAP” published by the Target Company on February 10, 2025 (the “**Summary of Target Company Financial Results**”) after deducting the number of treasury shares held by the Target Company as of the same date (483,047 shares) which includes 169,050 shares of the Target Company held by an officer compensation BIP (Board Incentive Plan) trust (the “**BIP Trust**”) (Note 3) (169,050 shares), as reported by the Target Company, resulting in a total of 15,076,683 shares. The same applies hereinafter.

(Note 3) With regard to the Target Company Shares held under the BIP Trust, the Offeror has included such shares in the number of treasury shares held by the Target Company, taking into consideration the following: under the relevant trust agreement, in order to ensure neutrality in the management of the company, the voting rights attached to such shares are not exercisable during the trust period; such shares are to be delivered only upon retirement to directors and other officers of the Target Company who have satisfied the requirements to qualify as beneficiaries under the BIP Trust (the “**BIP Trust Scheme Beneficiaries**”), following the completion of the procedures for beneficiary determination; and, except in cases where any of the following limited events occurs, the shares are not expected to be sold in the market: (i) a BIP Trust Scheme Beneficiary loses their status as a participant in the scheme, (ii) BIP Trust Scheme Beneficiary is officially assigned to an overseas post, (iii) the Target Company confirms that BIP Trust Scheme Beneficiary has passed away, or (iv) the BIP Trust is terminated. According to the Target Company, none of these events is expected to occur by the end of the tender offer period (the “**Tender Offer Period**”) for the Tender Offer.

(Note 4) The minimum number of shares to be purchased in the Tender Offer will be 7,539,900 shares (shareholding ratio: 50.01%), which is the product of (A) the number (75,399 units) obtained by subtracting (a) the number of voting rights (615 units) pertaining to the restricted shares (17,262 shares) granted to the Directors of the Target Company and the restricted shares (44,310 shares) held by the Target Company's Employee Stock Ownership Plan from (b) the number (76,014 units; rounded to nearest whole number) obtained by multiplying 50.418% by the number of voting rights (150,766 units) pertaining to the difference (150,766,683 shares) between (i) the total number of issued shares of the Target Company as of December 31, 2024 (15,559,730 shares), as stated in the Summary of Target Company Financial Results published by the Target Company on February 10, 2025 and (ii) the number of treasury shares held by the Target Company as of the same date (483,047 shares) (including 169,050 shares of the Target Company held by the BIP Trust as of the same day), and (B) the number of shares constituting one unit of the Target Company Shares (100 shares).

The minimum number of shares to be purchased in the Tender Offer is set as described above due to the consideration that, although the Offeror aims to make the Target Company its wholly owned subsidiary through the Tender Offer, (i) the minimum number of shares to be purchased in the YAGEO Tender Offer has been set to be 7,624,600 shares (shareholding ratio: 50.01%, although it is inferred that in the YAGEO Tender Offer such minimum number of shares to be purchased will be adjusted since in the YAGEO Tender Offer it has been determined that "the minimum number of shares to be purchased may be adjusted based on the total number of issued shares and the number of treasury shares of the Target Company as of the commencement of the Tender Offer" and the total number of treasury shares of the Target Company referenced in the YAGEO Tender Offer has been updated), and if the minimum number of shares to be purchased in the Tender Offer is set higher than that of the YAGEO Tender Offer even though the Tender Offer is a counter proposal to the YAGEO Tender Offer, the shareholders of the Target Company may consider the likelihood of the Tender Offer being completed as lower than that of the YAGEO Tender Offer, and (ii) in reality, the number of Target Company Shares required to pass the proposal for the Share Consolidation (defined in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" below; the same applies hereinafter) at a shareholders meeting corresponds, in terms of shareholding, to approximately 57%, which is the result of multiplying the highest ratio of voting rights exercised observed at the Target Company's annual general meetings over the past five fiscal years (approximately 86%) (Note 5) by two-thirds (2/3), such two thirds (2/3) figure being the ratio required for the approval of a special resolution at a shareholders meeting, and (iii) in contrast, among the 253 tender offers announced between 2020 and 2024 for the purpose of taking listed companies private, there were 43 transactions between third parties with no capital relationship (excluding 139 transactions involving parent-subsidiary relationships, equity-method affiliates, and management buy-outs (MBOs)) (Note 6), in which shareholders meetings were convened to vote on share consolidation proposals (squeeze-out proposals). In these 43 cases, the average ratio of voting rights exercised in relation to share consolidation proposals (provided, however, that the number of units exercised by the relevant tender offeror and its specially related parties is excluded from such calculation) was approximately 37.0%, and the median was approximately 41.5%, both of which indicate a significant decline compared to the levels typically observed at ordinary general meetings of shareholders. Notably, only one case exceeded 50.01% when multiplying the relevant ratio of voting rights exercised by two-thirds (which is the threshold required for the approval of a special resolution), with the relevant ratio in that case being 78.3%, which results in 52.2% after such calculation. In light of the above, even if the Offeror fails to acquire approximately 57% of the Target Company Shares as described in (ii), the Offeror has determined that acquiring 50.01% of the Target Company Shares through the Tender Offer would provide a high likelihood that the share consolidation proposal would be approved at a shareholders meeting of the Target Company. In

addition, the shares of the Target Company held by the Employee Stock Ownership Plan are effectively owned by employees who contributed the funds to acquire them. Given their employment relationship with the Target Company, it is unlikely that such employees would act contrary to the Target Company's decisions. Furthermore, as stated in "1. Purpose of Tender Offer," it is the Tender Offer Preconditions that the Target Company's Board of Directors resolves to express its opinion in favor of the Tender Offer and to recommend that shareholders tender their shares in the Tender Offer. Taking this into account, the members of the Employee Stock Ownership Plan are expected to understand the resolution and the Transactions overall, and to be more inclined to vote in favor of the proposal for the "**Share Consolidation**". Accordingly, even after the completion of the Tender Offer and the Offeror's acquisition of the Target Company as its parent, the Offeror believes that the Employee Stock Ownership Plan will exercise its voting rights in favor of the proposal at the extraordinary general meeting of shareholders of the Target Company.

After completion of the Tender Offer, the voting rights of the Target Company held by the Offeror may fall below two-thirds (2/3) of the total voting rights of all shareholders of the Target Company, and as a result, the proposal for the Share Consolidation might not be approved at the extraordinary shareholders meeting of the Target Company. However, even if such approval cannot be obtained, the Offeror aims to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) through the Tender Offer and the Squeeze-Out Process. Therefore, taking into consideration the status of acceptances in the Tender Offer, the shareholding status and attributes of the shareholders of the Target Company, the market price trend of the shares, and the ratio of voting rights exercised at the extraordinary shareholders meeting of the Target Company, the Offeror will acquire additional shares of the Target Company to the extent reasonably practicable until it has acquired a number of shares sufficient to reach a level at which approval of the share consolidation proposal at the shareholders meeting would be realistically attainable. The Offeror plans on acquiring additional Target Company Shares through on-market purchases based on the market price at the time of such additional acquisitions, or the ways other than by tender offer (limited to cases permitted under the Law) at prices determined by taking into account the market price (provided that such price shall be a reasonable price (which will depend on the market price, but in principle, at or near the price per share to be offered for the Target Company Shares in the Tender Offer (the "**Tender Offer Price**") that, in comparison with the Tender Offer Price, will not be economically evaluated as disadvantageous to the shareholders). Although it is difficult at this time to specify a definitive timeframe for such additional acquisitions as it depends on market conditions and other circumstances, the Offeror will promptly announce when the specific expected timing becomes known.

- (Note 5) According to the 66th Annual Securities Report submitted by the Target Company on June 26, 2024, the number of voting rights as of the reference date for the Target Company's 66th Ordinary General Meeting of Shareholders held on June 25, 2024 was 76,822. However, according to the Extraordinary Report submitted by the Target Company on June 27, 2024, the average number of voting rights exercised was 61,206 for all proposals, and the number of voting rights exercised was equivalent to approximately 80% (rounded to the nearest whole number) of the total number of voting rights. Similarly, when calculating the ratio of voting rights exercised in previous years, the ratio was approximately 78% for the 65th Ordinary General Meeting of Shareholders, approximately 81% for the 64th Ordinary General Meeting of Shareholders, approximately 80% for the 63rd Ordinary General Meeting of Shareholders, and approximately 86% for the 62nd Ordinary General Meeting of Shareholders, the maximum ratio of voting rights exercised at the Target Company's most recent five annual general meetings of shareholders was approximately 86%, and as stated in (iii) above, the ratio of voting rights exercised by shareholders after deducting the voting rights of

the Offeror and its specially related parties in relation to the share consolidation proposal (squeeze out proposal) is considered to be significantly lower than the ratio of voting rights exercised at ordinary annual general meetings of shareholders of the Target Company.

(Note 6) “MBO (Management buyout)” is a transaction in which the Offeror conducts a tender offer based on an agreement with the Target Company’s officers, and the interests of the Target Company’s officers and the Offeror are aligned.

For details of the process of the decision-making of the Target Company, please see “(B) Decision-making process and reasons that led to the Target Company’s support for the Tender Offer” in “(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer” below.

(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer

The background, purpose and decision-making process with respect to conducting the Tender Offer, and the management policy of the Target Company after the Tender Offer are as follows. The statements below regarding the Target Company are based on information publicly announced by the Target Company, the Press Release Regarding Target Company’s Expression of Opinion in Favor of the Tender Offer, and the Press Release Regarding Opposing Opinion from the Target Company, and explanations received from the Target Company.

(A) Background, purpose, and decision-making process of the Offeror that led to the decision to implement the Tender Offer

The Offeror was established as Nippon Miniature Ball Bearings Co., Ltd., as Japan’s first specialized manufacturer of miniature ball bearings in July 1951, and its shares were approved and listed as over-the-counter stock on the TSE in August 1961. Its shares were listed on the Second Section of the TSE in October 1961, and were assigned to the First Section of the TSE in October 1970. Thereafter, the Offeror changed its trade name to MINEBEA Co., Ltd., in October 1981. Further, on January 27, 2017, the Offeror (at the time doing business under the name MINEBEA Co., Ltd.) conducted a management integration with MITSUMI ELECTRIC CO., LTD., an electronic manufacturer (“**Mitsumi Electric**”), through a share exchange in which Mitsumi Electric became a wholly owned subsidiary of the Offeror, and had a new start as MINEBEA MITSUMI Inc. Since April 4, 2022, the Offeror has been listed on the TSE Prime Market by reconsideration of market category.

The Offeror was incorporated in July 1951 as Japan’s first specialized manufacturer of miniature ball bearings as described above, and since then, it has manufactured and ball bearings and other high-precision components. It has also manufactured and sold backlights for liquid crystals employed in smartphones, lighting devices and other products since August 2010. Meanwhile, Mitsumi Electric was established in January 1954 as Mitsumi Electric Seisakujyo, a manufacturer of electronics, such as coils and transformers. Since then, starting from the invention of Polyvaricons (variable condensers) in March 1955, it developed technical capabilities and has offered electronic components for cutting-edge electronics all over the world during various periods of its history. It changed its trade name to Mitsumi Electric Co., Ltd. in November 1959, and currently manufactures and sells electronic equipment and components, such as mechanism components, semiconductor devices, power supply components, high-frequency devices and optical devices for various electronic devices, such as data communications devices, automobiles, healthcare and consumer electronics and leisure devices.

The Offeror and Mitsumi Electric have expanded their combined product business, which fuses the machining technology that the Offeror has traditionally possessed with Mitsumi Electric’s electronic device technology, through the business integration of both companies, and they currently supply their products to

industries such as the automobile industry, smartphones/tablets industry, aircraft industry, office automation equipment industry, home appliance industry, and medical equipment industry as an “INTEGRATION” (Note 7) manufacturer of precision components that creates synergies in various fields by combining technologies and products.

As of today, the Offeror group is composed of 145 consolidated subsidiaries (not including the Offeror) (together with the Offeror, hereinafter referred to as the “**Offeror Group**”), and mainly engages in the following businesses: (i) Precision Technologies Business, whose main products are ball bearings (Note 8), rod-end bearings (Note 9), spherical bearings (Note 10), fasteners and pivot assemblies (Note 11); (ii) Motor, Lighting & Sensing Business, whose main products are spindle motors (Note 12), stepping motors (Note 13), fan motors, DC motors (Note 14), LED backlights, resonant devices (Note 15) and sensing devices; (iii) Semiconductors & Electronics Business, whose main products are analog semiconductors, optical devices, mechanical components, high-precision components, power supply products, smart products and residential equipment components; and (iv) Access Solutions Business, whose main products are automotive components such as door latches, door handles and door mirrors, etc., wireless communication devices and industrial machinery components.

The Offeror Group has upheld a basic management philosophy based on the following three principles.

The first principle is transparent management based on the company credo “The Five Principles.” Under the company credo, the company strives to “be a company where our employees are proud to work,” “earn and preserve the trust of our valued customers,” “respond to our shareholders’ expectations,” “work in harmony with the local community” and “promote and contribute to the global society.” Based on these company credos, the company’s basic management policy is to fulfill its social responsibility and to sustainably maximize the corporate value for its various stakeholders, such as employees, business partners, shareholders, local communities, and the global society. Aiming at concentrating its management resources in the fields where it has the collective and comprehensive strengths of a corporate group, the Offeror Group has worked proactively on “the development of high-value-added products” and “the advancement of the quality of products.” In addition, the Offeror Group strives to reinforce its corporate management centering on “the strengthening of our financial standing” as well as to implement “company management having a high-degree of transparency” in a comprehensive manner both internally and externally.

The second principle is to create new value through “difference” that transcends conventional wisdom. While it is required for the manufacturing of the future to deliver new value propositions to society, the Offeror Group established the slogan “Passion to Create Value through Difference,” and going forward the Offeror Group will continue to pursue a system to create new value through “difference” that transcends conventional wisdom, demonstrating strengths that cannot be found in other companies, and will vigorously push forward under the philosophy that passion is a power, passion realizes speed and passion brings the future.

The third principle is to approach manufacturing with an attitude of sincerity towards the growth of the company and the realization of sustainable growth in the global environment and society. The Offeror Group believes that it is of the utmost importance to share its attitude towards manufacturing, how we think about manufacturing, and how the Offeror Group pursues best practices for implementing manufacturing across the Offeror Group companies. The Offeror Group will continue to pursue a thorough “sincere attitude towards manufacturing” that has hitherto, in response to the needs of society, provided better products, more quickly, more inexpensively, in more quantity, and more astutely than before.

Based on this management philosophy, the Offeror has adopted the basic policies of “Reinforcing Core Businesses,” “Diversified Niches,” and “Generating Synergies through INTEGRATION,” to significantly expand its businesses and promote its growth with two wheels: organic growth which aims for autonomous company growth through the challenge of new businesses and utilization of existing management resources within the group and discontinuous growth centered on mergers and acquisitions (M&As). The current business plan calls for consolidated net sales of 2.5 trillion yen and consolidated operating income of 250

billion yen for the fiscal year ending March 31, 2029, with organic growth of 400 billion yen and growth through M&As of 700 to 800 billion yen. The Offeror will accelerate growth with the third axis of growth, “developing products and supplying components that will contribute to solving social issues,” which the Offeror has newly established. From the viewpoint of solving social issues, the Offeror regards EVs (Electric Vehicles), renewable energy, AI, and XR (cross reality) (Note 16) as the fields that will grow remarkably in the global market in the future, and aims to develop and expand the supply of products that meet the “4 Highs” of “high voltage, high current, high frequency, and high speed” necessary to capture these growth fields.

(Note 7) INTEGRATION: This term was adopted with the intended meaning “to be combined” rather than “to sum up.” It means to create new value through synergy by combining all the resources of the Offeror Group.

(Note 8) A ball bearing is a mechanical component, composed of an outer ring, an inner ring, balls, a retainer (ball holder), a shield (lid), and a snap ring (spring), and is used in the part that supports the shaft to provide stable rotation in rotating equipment, etc.

(Note 9) A rod end bearing means a spherical plain bearing, which is a type of bearing mainly used for the purpose of supporting rocking, tilting and low-speed rotational motions to reduce friction.

(Note 10) A spherical bearing means a self-aligning roller bearing, which is used in machines that are subject to large loads and shaft deflection.

(Note 11) A pivot assembly is a part used for the fulcrum that moves an arm to which a magnetic head of a hard disk driver (“**HDD**”). is attached.

(Note 12) An HDD spindle motor means a motor that rotates an HDD disk.

(Note 13) A stepping motor is a motor that rotates by moving at a fixed angle like a clock by an electric signal.

(Note 14) A DC motor means a motor that runs on a DC power supply.

(Note 15) A resonant device means a vibration device that effectively utilizes mechanical resonance by using a voice coil or electromagnet core as the main power source.

(Note 16) Cross Reality is a general term for technologies that fuse the real world and the virtual world.

According to the Target Company, the Target Company was established in 1953 and began manufacturing thermistors (Note 17) and SiC varistors (Note 18). In December 2004, the Target Company was listed on the Jasdaq Securities Exchange, Inc. (the “**Jasdaq Securities Exchange**”) and in April 2010, following the merger of the Jasdaq Securities Exchange and the Osaka Stock Exchange, Inc. (the “**Osaka Stock Exchange**”), the Company was listed on the Osaka Stock Exchange JASDAQ Market. Subsequently, in 2013, following the integration of the TSE and the Osaka Stock Exchange, the Target Company was listed on the TSE JASDAQ Market and in April 2022, due to a review of the market classification of the TSE, the Target Company was listed on the TSE Standard Market.

The corporate mission of the Target Company Group (meaning the Target Company and the consolidated subsidiaries of the Target Company; the same applies hereinafter) is to “protect the global environment, contribute to the improvement of life, and promote the culture and happiness of people around the world.” Its main business is the manufacture and sale of semiconductor components based on thermistor technology, as well as various products that utilize these components, including temperature sensors, humidity sensors, hygrometers, temperature controllers, temperature recorders, anemometers, and humidity measurement devices.

Currently, the electronic components industry to which the Target Company belongs is seeing signs of recovery in demand, as the impact of production and shipment stoppages by certain automobile manufacturers has abated. While demand for products such as those used for air conditioners had remained sluggish, it is viewed that the market is showing signs of a recovery in demand. Against this backdrop, the Target Company is working towards achieving its Medium-Term Business Plan (2024–2026), announced on

May 20, 2024. The Target Company has also established a Long-term Management Vision to create new value by focusing on product development, productivity improvement, and marketing. For product development, the Target Company aims to create products that meet and exceed customer needs, thereby enhancing customer satisfaction and technological innovation, developing new products, and expanding new markets. In terms of productivity improvement, the Target Company is promoting R&D of manufacturing equipment that utilizes AI and robots, as well as kaizen (i.e., continual assessment and improvement) activities, and is also working to enhance productivity by transferring production lines to overseas factories and adding factory shifts. In addition, the Target Company is working to enforce its global procurement of raw materials and establish a structure that can achieve stable procurement at a low cost by shortening lead times and reducing procurement costs. Regarding marketing, the Target Company is striving to explore new fields and markets, and develop new products, including sales expansion into the EV/HV market (Note 19) and areas related to environmental regulations and energy efficiency, while creating synergies by deepening collaboration with customers worldwide.

(Note 17) A thermistor is an electronic component whose resistance changes in response to temperature. It is primarily used as a temperature sensor that can be applied to various products, such as home appliances, including microwave ovens and air conditioners, as well as for temperature control in automobiles. Metallic oxides are used as elements of thermistors, which function as heat-sensitive elements.

(Note 18) A SiC varistor is an electronic component that protects a circuit by dissipating current in the event of a surge in voltage. It is an overvoltage protection device made from SiC (silicon carbide), which features high tolerance to voltage and temperature.

(Note 19) HV is an abbreviation for “hybrid vehicle” that operates on a combination of a gasoline-powered engine and an electric motor, commonly referred to as a “hybrid car.” By efficiently using an engine and an electric motor, the car can reduce gasoline consumption.

As mentioned above, while the Offeror supplies a wide range of products to a variety of industries, the Offeror defines the business of manufacturing a core product required for various devices, which cannot be easily substituted, such as its original bearings business, as a core business. Among these, niche segments, where the Offeror can achieve high market share, high profitability, and competitive advantage, have been identified as future priority fields, and among these, (i) bearings, (ii) analog semiconductors, (iii) motors, (iv) access products (Note 20), (v) sensors, (vi) connectors and switches, (vii) power supply products, and (viii) wireless/communications/software are regarded as the “Eight Spears.” With regard to the sensor field, which is the field of one of the Offeror’s core businesses in the “Eight Spears,” the Offeror is manufacturing products such as temperature switch ICs, analog output temperature sensor ICs, and digital output temperature sensor ICs, which leverage the strengths of the Offeror’s vertically-integrated manufacturing system, in response to the growing need for temperature control solutions, and supplies these products to various markets, including the automotive, air conditioning, machine tools, logistics equipment, FA equipment, medical equipment, and home appliances markets. The main products of the Offeror that use thermistors include sensors for temperature feedback in power supply products, battery temperature monitoring in battery protection modules, and temperature monitoring of main motors in some resolvers (Note 21), and the Offeror believes that there will be opportunities to use thermistors in products that it will develop in the future as well.

(Note 20) Access products are products such as door handles and latches.

(Note 21) A resolver means an angular displacement sensor for controlling a motor.

The Offeror, in the process of significantly expanding its business and promoting its growth with two wheels: autonomous organic growth through the challenge of new businesses and utilization of existing management resources within the group and discontinuous growth centered on M&A, was approached by Nomura Securities Co., Ltd. (“**Nomura Securities**”), which is the financial advisor of the Target Company on January 17, 2025 regarding the possibility of collaboration, given that the Target Company had received

a takeover proposal from a third party and on January 23, 2025, the Offeror held a meeting with the Target Company to deepen mutual understanding of each other's businesses. From January 28, 2025 to January 30, 2025, the Offeror and the Target Company visited the Target Company's factory in Thailand and the Offeror's factories in Thailand and Cambodia and exchanged opinions and held discussions regarding the Target Company's business strategies and the possibility of synergies between the business of the Target Company and that of the Offeror.

Under these circumstances, on February 5, 2025, the Offeror learned through the Press Release Regarding YAGEO Scheduled Tender Offer, that YAGEO had made a proposal (the "**YAGEO Proposal**") for the YAGEO Tender Offer as part of the YAGEO Transactions to make the Target Company a wholly owned subsidiary of YAGEO. On the 7th of the same month, in connection with the YAGEO Proposal, the Offeror appointed Daiwa Securities Co. Ltd. ("**Daiwa Securities**") as its financial advisor and third-party appraiser independent of the Offeror, the Target Company and YAGEO, and in late January 2025, the Offeror formally appointed Nagashima Ohno & Tsunematsu, which had been providing general advice on potential collaboration with the Target Company, as its legal advisor for the Transactions, and began concrete discussions on making the Target Company a wholly owned subsidiary of the Offeror, based on the exchange of opinions and discussions regarding the collaboration between the Offeror and the Target Company as described above (Daiwa Securities and Nagashima Ohno & Tsunematsu are also independent of AA.). As part of this, the Offeror visited the Motomiya factory of the Target Company Group on February 10, 2025 in order to better understand the Target Company's business and explore the possibility of synergies through collaboration.

Subsequently, the Offeror learned through a press release titled, "Notice Regarding Establishment of Special Committee," released by the Target Company on February 12, 2025 that in response to the YAGEO Proposal, the Target Company's Board of Directors had resolved to establish a special committee (the "**Special Committee**") for the purpose of ensuring fairness and transparency of the process of discussions as well as conducting serious discussions on the YAGEO Proposal and any genuine counter-proposal to the YAGEO Transactions made by any third party (hereinafter, such proposals shall be referred to a "**Counter Proposal**," and the proposer of the Counter Proposal, the "**Counter Proposer**."), in accordance with the "Guidelines for Corporate Takeovers - Enhancing Corporate Value and Securing Shareholders' Interests" (the "**Guidelines for Corporate Takeovers**") published by the Ministry of Economy, Trade and Industry on August 31, 2023. On February 12, 2025, the Offeror had another meeting with the Target Company, at which the Target Company communicated to the Offeror that the Target Company wanted the Offeror to consider the Transactions as a counter proposal to the YAGEO Proposal and YAGEO Transactions, and the Offeror would further consider the possibility of synergies through collaboration in light of the above factory visit. The Offeror communicated to the Target Company that the Offeror will further consider the possibility of synergies through collaboration based on the above factory visit.

On February 17, 2025, the Offeror received a request from the Target Company to consider making the Target Company a wholly owned subsidiary of the Offeror, and on the same day, the Offeror submitted to the Target Company a non-legally binding letter of intent regarding the acquisition of the Target Company Shares as part of the Transactions (the "**Letter of Intent (Minebea Mitsumi)**"). On the 27th of the same month, the Offeror received an invitation from the Target Company to participate in a due diligence process for the Offeror to consider the Counter Proposal. Furthermore, in the Letter of Intent (Minebea Mitsumi), it is states that the due diligence that the Offeror is reasonably satisfied with has been completed, that the Target Company's Board of Directors has expressed its opinion in favor of the Tender Offer and its opinion recommending that the shareholders of the Target Company tender their shares in the Tender Offer, and that such opinions have not been withdrawn, that all procedures required under domestic and foreign competition laws, investment regulations, and other applicable laws and regulations have been completed, or the Offeror has determined that it is reasonably expected that the procedures will be completed at a time when an extension of the tender offer period for the Tender Offer is not required, and that the approval of the Offeror's

Board of Directors has been obtained, that the Offeror proposed to acquire all of the Target Company's shares (excluding the treasury shares held by the Target Company) through a tender offer with a cash consideration of 4,300 yen per share of the Target Company's common stock, which is equivalent to the tender offer price in the YAGEO Tender Offer, and to conduct a subsequent Squeeze Out Process. Until the Target Company requested that the Offeror consider making the Target Company its wholly owned subsidiary on the 17th of the same month, the Offeror had only held discussions with the Target Company regarding the possibility of the above-mentioned collaboration and had not held discussions regarding making the Target Company its wholly owned subsidiary, including the Tender Offer.

The Offeror conducted due diligence on the Target Company and analyzed the Target Company with respect to the Target Company's business, legal, financial, tax, human resources, information technology, environment, and other areas from March 4, 2025, and considered the acquisition of the Target Company Shares.

In the course of considering the acquisition of the Target Company Shares, the Offeror has had a strong sense of crisis about the possibility of the Target Company, which the Offeror believes to be an outstanding Japanese manufacturer of electronic components with high business affinity with the Offeror and is expected to have various synergies with the Offeror, becoming incorporated under the control of foreign capital, which would damage the Target Company's advanced technological capabilities and business infrastructure or cause them to flow out of the country, thereby damaging the national interest of Japan. In addition, the Offeror recognized the importance of temperature control in power electronics products and the possibility of developing high value-added products through synergies between the Target Company's thermistor and analog semiconductor technologies. Also, the Offeror recognized that by utilizing its 101 sales bases and approximately 2,000 sales and marketing personnel worldwide, it would be possible to expand the global development of the Target Company's products and increase its market share, as well as reduce procurement and distribution costs and improve production efficiency through mutual utilization of the manufacturing and sales bases of each other.

Specifically, the Offeror believes that the Transactions will have the following synergies

(i) Technical innovation and development of high value-added products

Based on the recognition that "temperature" limits the use of power electronics products such as motors and power supply products, the Offeror believes that temperature control will become more important than ever in future the so-called "4 Highs" products. Temperature control will become a key factor for various products of the Offeror, such as power supply products, battery-related products, and various motors including main motors, and the opportunities for and number of installations of the Target Company's thermistors are expected to increase significantly.

The Offeror is also focusing on the analog semiconductor business, including power semiconductors, which is one of the "Eight Spears". Thermistors are components whose resistance value changes with changes in temperature, and analog semiconductors are essential for temperature control, such as converting changes in resistance values into voltage and current values as well as measuring temperature values, etc. Also, since resistance output is a non-linear characteristic, the Offeror believes that analog semiconductors have synergies with respect to temperature compensation as well.

Furthermore, the Offeror expects to be able to provide higher value-added temperature control solutions by incorporating the Target Company's NTC thermistors (Note 22) into the Offeror's semiconductor products through modularization technology, a strength of the Offeror, and by producing such products through vertically-integrated manufacturing systems, which is also a strength of the Offeror.

As mentioned above, the Offeror produces a number of electronic components that have affinity with temperature sensors, such as motors, semiconductors, and connectors, and believes that by extracting

opportunities to develop technologies and products that combine these components, it can also achieve INTEGRATION, its motto, with the Target Company.

(Note 22) NTC thermistors are thermistors with negative resistance characteristics which belong to the category of thermistors that use the change in resistance at the time of detecting heat.

(ii) Global expansion utilizing the Offeror's sales channels

The Offeror has many sales bases globally, and its 2,000 sales and marketing personnel provide a wide range of products and solutions to customers worldwide on a daily basis. By utilizing the Offeror's sales channels, it is expected that the Target Company will be able to expand its market share in existing areas and develop new areas.

Specifically, the Target Company has a high sales ratio not only in Japan but also in Asia, mainly in China and Thailand, while the Offeror has a strong global customer base in 28 countries based on 101 sales bases worldwide, mainly in Asia, the United States, and Europe, in addition to Japan. The Offeror expects to be able to cross-sell products in its products groups that have affinity with the Target Company's NTC thermistors, utilizing the Offeror's global sales network, such as its various sensors, analog semiconductors, and motors.

(iii) Improved operational efficiency

The Offeror believes that mutual utilization of the global manufacturing and sales bases of the Offeror and the Target Company will achieve a reduction in manufacturing and distribution costs. The Offeror believes that the need for temperature sensors will increase in the future and recognizes that stable procurement of components and reduction of procurement costs will become important issues. The Target Company's business is expected to become more profitable through joint procurement utilizing the Offeror's procurement network, promotion of integration of supply chains such as logistics, and utilization of the Offeror's sales channels mentioned above. In addition, the Target Company's production efficiency is also expected to be greatly enhanced by taking advantage of the Offeror's know-how of mass production and factory operations, which are the Offeror's strengths.

Based on the belief that there are such synergies in the Transactions, the Offeror determined that, in the rapidly changing external environment such as carbon neutrality, electrification of automobiles, increasing demand for AI servers, and the spread of IoT high-performance home appliances, it is desirable that the Target Company takes a medium- to long-term perspective without being affected by short-term fluctuations in business performance and that the Target Company and the Offeror Group should work together to share information and human resources and optimally allocate management resources through flexible and integrated collaboration in order to promptly and efficiently maximize the synergies described above, including the synergistic effects of the Offeror Group's various motor and analog semiconductor products with the Target Company's NTC thermistors.

In general, disadvantages associated with going private include the inability to raise funds through equity financing from capital markets. However, even after the delisting, the Target Company, as one company of the Offeror Group, will be able to receive strong financial backing, such as borrowings and investments from the Offeror.

In general, the loss of status as a listed company as a result of going private can cause a decline in credibility with business partners and create difficulties in maintaining employee motivation and retaining human resources. However, according to the "Shibaura Electronics Group Integrated Report 2024" published by the Target Company on November 11, 2024, the Target Company has the world's largest share of the thermistor market at 13.5% (as of the fiscal year ending March 2024, according to the Target Company's research) and since the Target Company is already very well known and trusted as the world's leading company of NTC thermistors and will continue to exist as an extremely important company in the

Offeror Group after the delisting, the disadvantages associated with the delisting of the shares of the Target Company will be limited.

Based on the above, as described in “(1) Outline of the Tender Offer” above, the Offeror has concluded that taking the Target Company private and making it a wholly owned subsidiary of the Offeror through the Transactions is an initiative that will contribute to the enhancement of the Offeror’s corporate value.

On March 10, 2025, the Offeror received a written questionnaire from the Special Committee (specifically, it received questions on, among others, the overview of the Offeror, evaluation of the Target Company, purpose of the Transaction, future management structure of the Target Company, and the Target Company’s approach to year-end dividends for the fiscal year ending March 2025), and the Offeror responded in writing on March 28, 2025. Specifically, the Offeror responded that in addition to the content of the writing, the Tender Offer Price is based on the assumption that the year-end dividend for the fiscal year ending March 2025 (150 yen per share) will be paid by the Target Company, but it is assumed that no further dividends will be paid thereafter.

In addition, on March 28, 2025, based on the results of the aforementioned examination and due diligence, etc., the Offeror submitted to the Target Company’s Board of Directors and the Special Committee a legally binding price proposal (the “**Price Proposal dated March 28**”) setting the Tender Offer Price at 4,300 yen. The price of 4,300 yen represents a discount of -5.39% (rounded to the nearest hundredth and the same applies to the calculation of the premiums or discounts below) on the closing price of 4,545 yen of the Target Company Shares on the TSE Standard Market on March 27, 2025, the business day immediately prior to the day on which the Price Proposal dated March 28 was submitted; a discount of -5.27% compared to the simple average of the closing price of 4,539 yen over the previous one month to the same date (rounded off to the nearest whole number and the same applies to the calculation of the simple average closing price below); a premium of 7.55% on the simple average closing price of 3,998 yen for the previous three months to the same date; and a premium of 17.61% on the simple average closing price of 3,656 yen for the previous six months to the same date. In response to this, the Offeror received a response from the Special Committee on March 28, 2025 stating that it considered the Tender Offer Price in the Price Proposal dated March 28 to be insufficient for the shareholders of the Target Company. In light of this, the Offeror submitted a response to the Special Committee on March 29, 2025 (the “**Response on March 29**”) setting the Tender Offer Price at 4,500 yen, and on the same day, the Offeror received a response from the Special Committee stating that it still considered the Tender Offer Price in the Response on March 29 to be insufficient for the shareholders of the Target Company. 4,500 yen is a premium of 0.22% on the closing price of 4,490 yen of the Target Company Shares on the TSE Standard Market on March 28, 2025, the business day immediately prior to the submission date of the Response on March 29; a discount of -0.82% on the simple average closing price of 4,537 yen for the previous one month to March 28; a premium of 12.30% on the simple average closing price of 4,007 yen for the previous three months to the same date; and a premium of 22.85% on the simple average closing price of 3,663 yen for the previous six months to the same date. In light of this, the Offeror submitted a response letter on March 31 (the “**Response on March 31**”), setting the Tender Offer Price at 4,600 yen: 4,600 yen is a premium of 2.45% on the closing price of 4,490 yen of the Target Company Shares on the TSE Standard Market on March 28, 2025, the business day immediately prior to the submission date of the Response on March 31; a premium of 1.39% on the simple average closing price of 4,537 yen for the previous one month to the same date; a premium of 14.80% on the simple average closing price of 4,007 yen for the previous three months to the same date; and a premium of 25.58% on the simple average closing price of 3,663 yen for the previous six months to the same date.

At the request of the Special Committee, on April 1, 2025, the Offeror held a question-and-answer session with the Target Company and the Special Committee based on the above responses to the written questionnaire regarding the Transactions. Specifically, the Target Company and the Special Committee

raised questions regarding the affinity between the Target Company's thermistor products and the Offeror's products, and in response to these questions, the Offeror stated that the bottleneck for the "4 Highs" (high-voltage, high-current, high-frequency, and high-speed) is heat, and that thermistors play an important role. The Offeror also responded that the synergies from collaboration between the two companies can be expected to be very high because the role of thermistors will become even more important in the control of resolvers and batteries, which are expected to develop in the future, and that there are opportunities to use the Target Company's products for most of the products handled by the Offeror, such as the fact that the Offeror currently uses approximately 9 million thermistors per month.

In addition, on the same day, the Offeror received a response from the Special Committee (the "**Response on April 1**") stating that while the Tender Offer Price in the Response on March 31 was within the range that could be assessed by the Target Company and the Special Committee, it was still not considered to be a price that sufficiently distributed fair value to the minority shareholders of the Target Company. In light of this, on the 3rd of the same month, the Offeror submitted a response to the Special Committee stating that (i) the Offeror believes that the Transactions will contribute to maximizing the corporate value of the Offeror and the Target Company, and at the same time, dispel concerns about economic security in Japan and contribute to the national interests of Japan, (ii) given that it is a counterproposal to the tender offer by YAGEO, it is the Offeror's best proposal, and, in addition (iii) because the Offeror needs to fulfill its accountability obligations to its own stakeholders, including its shareholders, the Offeror considered it difficult to raise the price further. Subsequently, on the same day, the Special Committee again submitted a response to the Offeror stating that, although it had carefully considered the Offeror's position, it could not say that the Tender Offer Price was a price that fairly distributed fair value to the minority shareholders of the Target Company, and therefore it would like to request that the Tender Offer Price be reconsidered.

After receiving the Response on April 1, the Offeror recognized that it needed to reconsider the price, as the macroeconomic environment on which the previous price proposals had been premised had changed significantly due to the implementation of the additional U.S. tariff measures and the announcement of reciprocal tariffs (the "**U.S. Tariff Measures**"). After careful consideration, on April 7, 2025, the Offeror revised the Tender Offer Price to 4,400 yen and proposed it to the Special Committee (hereinafter, the written response submitted by the Offeror to the Target Company, which describes such proposal, shall be referred to the "**Response on April 7**"). In making this proposal, the Offeror considered that the scope and degree of the impact of the U.S. Tariff Measures, including not only the currently known circumstances but also the future effects, are significant and highly uncertain, and that very careful judgment is required in evaluating future plans. In addition, notwithstanding the announcement by YAGEO of its plan for the tender offer at 4,300 yen, which reflects such uncertainty, the share price of the Target Company has clearly been trending below 4,300 yen. Furthermore, when reviewing the actual degree of success of the Target Company in achieving the operating profit levels targeted in its past medium-term management plans, when major changes in the macro economy have occurred, a tendency can be observed that the business results of the Target Company for the three years after the year in which the management plans were formulated are considerably lower than those targeted in the management plans. However, the Offeror firmly believes that realizing the Transactions will contribute to maximizing the corporate value of the Target Company, while at the same time dispelling concerns about the economic security of Japan and contributing to the national interest. Therefore, as its overall assessment, the Offeror considered that the above proposal of 4,400 yen was one that can be reasonably explained to the shareholders of the Target Company and could also be used to counter the YAGEO Tender Offer.

Subsequently, on April 8, 2025, the Offeror received a response from the Target Company and the Special Committee stating that the Target Company believed that the direct impact of the U.S. Tariff Measures on the future performance of the Target Company will be limited, and therefore, the Target Company could not accept a Tender Offer Price of less than 4,600 yen which was proposed in the Response

on March 31. The response from the Special Committee further requested that the Tender Offer Price be reconsidered and stated that it would like to confirm the position of the Offeror in a face-to-face meeting.

On the same day, after receiving this response from the Special Committee, the Offeror proposed a Tender Offer Price of 4,500 yen to the Special Committee through a written response which listed the following (the “**Response on April 8**”): (a) the Offeror believes that the U.S. Tariff Measures could trigger a trade war and cause a slowdown in the global economy; (b) if such a situation were to arise, the automobile industry and the high-end home appliance market in particular can be expected to be strongly affected by the economic trends, and that the Japanese domestic market, which is the main source of revenue of the Target Company, could also be significantly affected; (c) the Target Company also generates a proportionate amount of profits from outside Japan, and if economic stagnation, shrinking demand, production decreases or cost increases were to occur, the impact on the earnings of the Target Company earnings could not be ignored; (d) the products of the Target Company are intermediate goods (Note 1) and are affected by the pricing of end consumer goods (Note 2), and even if the products handled by the Target Company are customized products with different specifications for each customer and are difficult to replace in the short term, in the mid to long term, as there is a possibility that other companies that are cost competitive will emerge and the customers of the Target Company will secure new suppliers, these factors bring with them uncertainty on how to handle the passing-on of prices; (e) given the risk of significant deterioration in these macroeconomic conditions, the Offeror recognizes the uncertainty in achieving the Business Plan formulated by the Target Company (the “**Business Plan**”), and considers a reduction in the proposed price to be fully reasonable and, from the perspective of the accountability of the Offeror to its shareholders, unavoidable; and (f) on the other hand, considering the responsibility to explain the price to the shareholders of the Target Company and that the price needs to be effective as a counter-proposal to the YAGEO Tender Offer, the reduction to the price has been done to the minimum extent, and given that the price exceeds the previous all-time high of 4,425 yen, the market price of the Target Company Shares before the announcement of the YAGEO Tender Offer on February 5, 2025, the Offeror considers the price as being capable of acceptance by the minority shareholders of the Target Company. Subsequently, on the same day, after the Target Company and the Special Committee had considered the matter, the Target Company and the Special Committee responded to the Offeror on April 9, 2025, that it would accept the proposal of setting the Tender Offer Price at 4,500 yen.

(Note 1) This is a manufactured product and refers to goods and services that are used in the production of other products.

(Note 2) A product that is not used or consumed further for the production of other products.

In addition, during discussions with the Target Company, the Offeror has had a strong sense of crisis about the possibility of the Target Company, which the Offeror believes is an outstanding Japanese manufacturer of electronic components with high business affinity with the Offeror and is expected to have various synergies with the Offeror, becoming incorporated under the control of foreign capital, which would damage the Target Company’s advanced technological capabilities and business infrastructure or cause them to flow out of the country, thereby damaging the national interest of Japan. While this was occurring, on March 31, 2025, the Offeror held a meeting to discuss AP’s capital participation in the Target Company by bearing part of the purchase funds for the Tender Offer and for the Squeeze-Out Process with AP Group, which had been in a close and friendly relationship with the Offeror for some time and which had established Japan’s first private equity (PE) fund in 1997. AP Group has a track record of over 100 cumulative investments, possessing a team that specializes in majority investments (Note 3) involving going private deals as well as minority investments (Note 4) in listed companies, with a history of investing in and supporting the growth of numerous listed companies including more than 40 of listed manufacturing companies such as ITOKI Corporation (Code No. 7972) and TACHI-S Co., Ltd. (Code No. 7239), and conducts investment and management support operations using investment and management know-how

cultivated on the global stage. Upon the Offeror sharing its views with AP that, in relation to the Transaction, if the Target Company would become incorporated under the control of foreign capital, it would damage the Target Company's advanced technological capabilities and business infrastructure and cause them to flow out of the country, thereby damaging the national interest of Japan, AP responded that it deeply empathized with the views of the Offeror and would like to begin specific discussions about the terms and means of AP's capital participation in the Target Company by bearing part of the purchase funds for the Tender Offer. During these discussions, on April 4 of the same year, the Offeror proposed that the Share Transfer be conducted after the Squeeze Out Process is completed, with the aim of AP participating in the Target Company by providing part of the purchase funds for the Tender Offer, and that the shareholding ratio of the Target Company Shares between the Offeror and AP be 95% and 5%, respectively. On the 7th of the same month, the Offeror received a response from AP stating that AP would accept the above proposal. Subsequently, the Offeror and AP held further discussions regarding the MOU, and today, the Offeror and AP entered into the MOU. For details of the MOU, please refer to "(ii) MOU" in "(6) Matters concerning material agreements pertaining to the Tender Offer" below.

(Note 3) An investment by the way of acquiring more than 50% of the voting rights of the invested company.

(Note 4) An investment by the way of acquiring not more than 50% of the voting rights of the invested company.

In order to increase the likelihood of the Tender Offer being successful, on April 1, 2025, the Offeror approached several major shareholders of the Target Company through Daiwa Securities to ask them to accept the Tender Offer. Subsequently, the Offeror held meetings with Nissei Electric and Nissei Opto on April 7, 2025, with Nihon Kohden on April 8, 2025 and with Saitama Resona Bank, J and S, and Resona Leasing on April 9, 2025, respectively, to explain the significance and background of the Transaction and the management policy after the Transaction. After consideration by the Tendering Shareholders, the Offeror entered into Tender Agreements with the Tendering Shareholders on April 10, 2025. For details of the Tender Agreement, please see "(A) Tender Agreement" in "(6) Matters concerning material agreements regarding the Tender Offer" below. Furthermore, as stated above, for the purpose of AP, which deeply empathized with the views of the Offeror on the Transactions, participating in the capital of the Target Company by providing part of the purchase funds for the Tender Offer and part of the funds for the Squeeze-Out Process, the Offeror decided to enter into the MOU with AP based on the above Board of Directors resolution. For details of the MOU, please see "(B) MOU" in "(6) Matters concerning material agreements pertaining to the Tender Offer" below.

(B) Decision-making process and reasons that led to the Target Company's support for the Tender Offer

On October 11, 2024, the Target Company received a request for a face-to-face meeting from YAGEO through Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd. ("**Mitsubishi UFJ Morgan Stanley Securities**"). However, as the request included no concrete proposal, the Target Company did not consider there to be any specific need to collaborate with YAGEO and declined the request verbally. On November 4, 2024, the Target Company received a letter from YAGEO reiterating its request for a face-to-face meeting. However, the purpose of the meeting was to share YAGEO's business vision, exchange general opinions on market dynamics, and discuss related matters. The letter did not contain a concrete proposal, and the Target Company still could not see the necessity of the meeting. Therefore, the Target Company declined that request in writing on November 26, 2024. Subsequently, on December 30, 2024, the Target Company received a non-legally binding Letter of Intent from YAGEO that contained the YAGEO Proposal proposing a friendly acquisition of all of the Target Company Shares by cash based on the support of the Target Company's Board of Directors. On January 9, 2025, the Target Company responded to YAGEO, indicating that it would examine the YAGEO Proposal appropriately. On January 13, 2025, the Target Company

received a letter from YAGEO requesting a meeting and anticipating working in concert on an exclusive basis to announce a friendly tender offer scheduled for February 5, 2025. On the Target Company side, the Target Company appointed Kitahama Partners (“**Kitahama Partners**”) as its legal adviser, independent of YAGEO, the Offeror, and the Target Company on January 6, 2025. Subsequently, on January 16, 2025, the Target Company sent a letter to YAGEO requesting the execution of a non-disclosure agreement (NDA) in advance of the meeting from the viewpoint of information management. On January 22, 2025, the Target Company appointed Nomura Securities as its financial adviser and third-party valuation agent, independent of YAGEO, the Offeror, and the Target Company (Kitahama Partners and Nomura Securities are advisors independent from AP Group), and on the same day, the Target Company sent a draft NDA (“**Draft DNA**”) to YAGEO. Subsequently, on January 24, 2025, YAGEO, through its financial adviser, Mitsubishi UFJ Morgan Stanley Securities, informed the Target Company’s financial adviser, Nomura Securities, that the purpose of the meeting requested by YAGEO was for YAGEO to explain the YAGEO Proposal directly, rather than to receive information from the Target Company, therefore, YAGEO requested that the meeting proceed without executing an NDA. However, as the Target Company is a listed company and there is a possibility that information about the Target Company may be provided during the meeting, the Target Company informed YAGEO again through Nomura Securities on January 24, 2025 that, to the extent the Target Company’s information will be likely to be provided during the meeting with YAGEO, it is necessary to execute an NDA from the viewpoint of information management. In this communication, the Target Company made no mention of not accepting YAGEO’s proposal on revising the Draft NDA.

However, YAGEO made no specific negotiations regarding the Draft NDA at all, and without prior notice to the Target Company, YAGEO announced the “Press Release Regarding YAGEO Scheduled Tender Offer” on February 5, 2025.

The Target Company has carefully examined details of the YAGEO Proposal and the Press Release Regarding YAGEO Scheduled Tender Offer.

Specifically, as stated in “(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest” below, on February 11, 2025, the Target Company resolved at its Board of Directors meeting to establish the Special Committee comprising three members: Mr. Isao Abe (Independent Outside Director of the Target Company), Ms. Maki Kataoka (Independent Outside Corporate Auditor of the Target Company), and Mr. Kentaro Shibata (lawyer of Shibata, Suzuki & Nakada). They are all independent of YAGEO, the Offeror, and the Target Company (They are also independent of AP Group.). The Target Company did not appoint some outside directors as Special Committee members from the perspective of flexible committee management, etc., and appointed Mr. Kentaro Shibata, an outside expert, as a Special Committee member, for the reason that he possesses professional knowledge as a lawyer and a wealth of experience and expertise as an outside director of other companies, as well as a proven track record of dealing with cases of the same or similar type. Also, the Special Committee approved the appointments of Kitahama Partners and Nomura Securities, finding no issues with their independence and expertise in both cases. Additionally, on February 25, 2025, the Special Committee appointed YAMADA Consulting Group Co., Ltd. (“**YAMADA Consulting**”) as its own financial advisor, independent of YAGEO, the Offeror, and the Target Company (YAMADA Consulting is an advisor independent from AP Group).

Subsequently, as announced in the Notice Regarding Receipt of Letter from YAGEO Corporation dated February 14, 2025, the Target Company received a letter from YAGEO on February 13, 2025, in response to the Notice Regarding Scheduled Commencement of Tender Offer for the Shares of SHIBAURA ELECTRONICS CO., LTD. by YAGEO Corporation announced by the Target Company on February 5, 2025. Further, as announced in the Notice Regarding Sending of ‘Questionnaire’ to YAGEO Corporation dated February 26, 2025, the Target Company, after consulting with the Special Committee, sent a letter to YAGEO requesting the provision of information deemed necessary for examining the YAGEO Transactions (“**First Questionnaire To YAGEO**”). On March 6, 2025, the Target Company received YAGEO’s written

response to the First Questionnaire To YAGEO (“**First Response From YAGEO**”). Additionally, as announced in the Notice Regarding Sending of ‘Questionnaire (2)’ to YAGEO Corporation dated March 19, 2025, the Target Company, after consulting with the Special Committee, sent YAGEO the second questionnaire requesting again for the provision of information deemed necessary for examining the YAGEO Transactions (“**Second Questionnaire to YAGEO**”). Subsequently, on March 26, 2025, the Target Company received YAGEO’s written response to the Second Questionnaire To YAGEO (“**Second Response From YAGEO**”). Furthermore, as YAGEO announced in the Press Release Regarding Amendment to YAGEO Scheduled Tender Offer dated March 28, 2025, (i) YAGEO has established YAGEO Electronics Japan as the offeror in the YAGEO Tender Offer, (ii) although YAGEO has not yet assessed whether YAGEO is required to submit a competition law filing in Germany and/or Austria, based on this assumption, it has proceeded with the competition law filing as a precautionary measure and, furthermore, YAGEO had determined that competition law procedures required for implementing the YAGEO Transactions outside Taiwan will be completed or are reasonably expected to be completed by the end of the YAGEO Tender Offer Period, and (iii) although YAGEO stated in the Press Release Regarding Amendment to YAGEO Scheduled Tender Offer that no valuation report or fairness opinion had been obtained from a third-party valuation agent regarding the tender offer price in the YAGEO Tender Offer (the “**YAGEO Tender Offer Price**”), to comply with regulations in Taiwan and to fulfill its fiduciary duty to its shareholders, YAGEO requested Trust and Assist CPAs, an independent third party valuation agent, independent of YAGEO and the Target Company, to issue a fairness opinion stating that the YAGEO Tender Offer Price of 4,300 yen is fair for YAGEO’s shareholders from a financial perspective (“**Fairness Opinion**”) and obtained this opinion on February 5, 2025. Following the execution of the NDA between the Target Company and YAGEO on March 28, 2025, as announced in the Notice Regarding Meeting with YAGEO Corporation dated April 2, 2025, the Target Company and the Special Committee had a meeting with YAGEO on April 2, 2025, regarding the YAGEO Transactions, and had a question-and-answer session on details of the expected synergies from the YAGEO Transactions, supplementary explanations about YAGEO’s responses to the First Questionnaire To YAGEO and the Second Questionnaire To YAGEO, and related matters (the “**Meeting With YAGEO**”).

Meanwhile, after receiving the YAGEO Proposal, the Target Company has been seeking the best option from the perspective of enhancing corporate value and the common interests of the Target Company’s shareholders. Following the Guidelines for Takeovers, the Target Company commenced considering conducting a market check. From mid-January 2025, the Target Company individually approached nine operating companies as potential acquirers and requested that they consider the possibility of making the Target Company a wholly owned subsidiary of theirs as a counterproposal to the YAGEO Proposal. As a result, on February 17, 2025, the Target Company received a non-legally binding letter of intent from the Offeror (the “**Letter of Intent (I)**”) as a counterproposal to the YAGEO Proposal. The Target Company determined that the Letter of Intent (I) constituted a “bona fide offer,” which is deemed specific, legitimate in objectives, and feasible. Therefore, at the Offeror’s request for due diligence, the Target Company provided certain materials and information and responded to their questions.

Subsequently, on March 28, 2025, the Target Company received another legally binding letter of intent from the Offeror (“**Letter of Intent (II)**”) stating that: on April 10, 2025, the Offeror will publicly announce the Transactions, commence the Tender Offer from April 23, 2025, set the Tender Offer Period as 22 business days, the minimum number of shares to be purchased in the Tender Offer to be 50.01% of the shareholding ratio, and set the Tender Offer Price at 4,300 yen. In response to that proposal, the Target Company and the Special Committee determined that, the Tender Offer Price did not sufficiently reflect the Target Company’s corporate value, was same as the YAGEO Tender Offer Price, and did not sufficiently consider the benefits of the Target Company’s minority shareholders, and therefore requested the Offeror to submit a new proposal. On March 29, 2025, the Target Company and the Special Committee received a new proposal from the Offeror, setting the Tender Offer Price at 4,500 yen. However, on the same date, as the proposed price still did not fully reflect the Target Company’s corporate value and sufficiently consider the benefits of the Target

Company's minority shareholders, the Target Company and the Special Committee re-requested that the Offeror submit another proposal. In response to this re-request, on March 31, 2025, the Target Company and the Special Committee received a re-proposal from the Offeror, setting the Tender Offer Price at 4,600 yen. However, on April 1, 2025, as the re-proposed price still did not fully reflect the Target Company's corporate value and sufficiently consider the benefits of the Target Company's minority shareholders, the Target Company and the Special Committee re-requested that the Offeror submit another proposal.

Additionally, on April 1, 2025, to deepen its understanding of the Transactions, the Special Committee held a face-to-face question-and-answer session with Offeror primarily on details of the expected synergies from the Transactions (the **"Meeting with Offeror"**).

Subsequently, on April 3, 2005, the Target Company and the Special Committee received from the Offeror its re-proposal of the Tender Offer Price at 4,600 yen, identical to that in the Response on March 31. In response to this, on April 4, 2025, as that price still did not reflect the Target Company's corporate value nor sufficiently consider the interests of the minority shareholders, the Target Company and the Special Committee again requested the Offeror to submit another proposal. Subsequently, on April 7, 2025, the Target Company and the Special Committee received from the Offeror a response setting the Tender Offer Price at 4,400 yen as a result of comprehensive consideration of the worsening of the macro-economic environment due to the implementation of the U.S. Tariff Measures and uncertainties on the achievement of the Target Company's Business Plan arising from that environment, and related factors. In response to this, on April 8, 2024, the Target Company and the Special Committee responded that, as the direct impact of reciprocal tariffs on the Company's business projections is limited, and considering the negotiations that had occurred following submission of the legally binding proposal, it is difficult to find rational explanations to reduce the proposed price; thus, the Target Company and the Special Committee requested the Offeror to submit another proposal setting the Tender Offer Price at 4,600 yen or more. On the same day, the Special Committee held another meeting with the Offeror (the **"Meeting with Offeror on April 8"**) and presented questions on the impact of the U.S. Tariff Measures on the medium-to long term projections for the Target Company's business, the reasoning for the reduction of the proposed price, and the probability of the completion of the Tender Offer. To those questions, the Offeror answered as follows: as it is difficult to determine at this time that the impact of the U.S. Tariff Measures on the manufacturing industry in general will only be short-term, the Offeror decided to reduce the price considering its accountability to its shareholders, but on the other hand, the Offeror still assesses the Target Company highly from the perspective of the medium-to long-term competitiveness of the Target Company based on its outstanding technological capabilities, and the Offeror is convinced of the synergies expected from collaboration with the Target Company, accordingly, the Offeror strongly desires to make the Target Company its subsidiary. Thus, if a counter proposal is made, the Offeror is prepared to further raise the price, and in actuality, the joint investment with AP is its strategy against a foreseeable price rise if a counter proposal is made. On this point, the Offeror has already agreed with AP on the terms and conditions, and therefore, the U.S. Tariff Measures will not impair the probability of the completion of the Tender Offer. In addition, at the Meeting with Offeror on April 8, the Target Company and the Special Committee received a written response from the Offeror, setting the Tender Offer Price at 4,500 yen. That Tender Offer Price is a reduction of 2.1% from the 4,600 yen amount proposed on April 3, 2025, but on April 9, 2025, the Target Company and the Special Committee determined that the Tender Offer Price at 4,500 yen in the Response on April 8 was not an unreasonable reduction of the proposed price as a result of the following considerations, and responded to the Offeror that they accept the Tender Offer Price at 4,500 yen: (i) the level of VWAP (Volume Weighted Average Price) of the Target Company Shares between April 3, the business day following April 2, 2025, the announcement date of the U.S. Tariff Measures, and April 8, 2025 is -3.58% against the closing price of the Target Company Shares on April 2, 2025, (ii) although the direct impact of the U.S. Tariff Measures on the Company's business projections is limited, according to the report issued by the Daiwa Institute of Research on April 3, 2005, "The Effect of 'Reciprocal Tariffs' on Japan's Real GDP will be at Most ▲1.8%" (authors: Shotaro

Kugo, Senior Economist, Economic Research Department; Koki Akimoto, Economist, Economic Research Department), “the estimated extent of decline in Japan’s real GDP in the short term (2025) will be 0.6% and in the medium term (2029) will be 1.8%.” Therefore, the possibility of a worsening macroeconomic environment cannot be denied. When the Target Company’s business performance deteriorated due to macroeconomic events in the financial years ending March 2020 and March 2023, the decline rate in actual results compared to the performance forecasts projected at the beginning of the each of these financial years tended to be greater for operating profits than for sales. Thus, if the macroeconomic outlook actually worsens and the Target Company’s sales fall to the same rate as the decline in real GDP, the Company’s profits will likely be impaired by more than 2%, and (iii) taking into account the price negotiation process with the Offeror so far and the content of the Meeting with Offeror on April 8, another proposal from the Offeror for a price higher than the current one cannot be expected.

The Target Company has carefully compared and examined details of the YAGEO Scheduled Tender Offer and the same of the proposal from the Offeror, taking into account details of the Press Release Regarding YAGEO Scheduled Tender Offer, Amendment Press Release Regarding YAGEO Scheduled Tender Offer, the First Response From YAGEO, the Second Response From YAGEO, and the Meeting with YAGEO, as well as the same of the Letter of Intent (I) from the Offeror, the Letter of Intent (II), and the Meeting with Offeror. As a result, the Target Company determined that the proposed price per share of the Target Company Shares from the Offeror is 4,500 yen, which is higher than the tender offer price proposed by YAGEO (the “**YAGEO Scheduled Tender Offer Price**”), and that the Offeror’s proposal is superior to YAGEO’s in terms of both the likelihood of transaction completion and its impact on corporate value over the mid-to long term. Accordingly, the Target Company has concluded that the Tender Offer and the Transactions will contribute to enhancing the Target Company’s corporate value, as described below.

In other words, as stated in the Press Release Regarding Opposing Opinion from the Target Company, YAGEO believes the following to be the anticipated synergies (a) strengthening of the product portfolio, (b) supplementation of market opportunities in key end-markets, (c) expansion of global sales of the Target Company’s NTC thermistors, (d) wining more long-term, profitable design-in basis business, (e) design and development of the entire sensor and circuit protection platform, and (f) acceleration of growth investment. However, regarding (a), while it is undeniable that the introduction of YAGEO’s electronic components and sensor products, which are mainly passive components, into the Target Company’s product lineup will strengthen the product portfolio of the Target Company, the products of the Target Company are predominantly integrated into mechanical components and machined parts, which are generally not used together with such passive components of YAGEO that are utilized though mounting on printed circuit boards. As such, the Target Company considers the synergistic effect of this to be poor. In addition, the Target Company co-develops customized products from the design stage with customers, whereas YAGEO primarily handles general-use products. These activities require different technologies and thus the Target Company also considers the technological synergies to be rather limited. Regarding (b), many of the main customers of YAGEO presented in the YAGEO Proposal are already business partners of the Target Company; furthermore, as customer contacts trend towards becoming more specialized and segmented depending on suppliers and components, the Target Company anticipates that the customer contacts of the Target Company will often differ from those of YAGEO which focuses on passive components. As a result, the Target Company essentially believes this will not contribute to new customer acquisition for the Target Company. Regarding (c), the Target Company has itself focused on expanding into the European and U.S. markets in recent years and has increased its market share in these markets, particularly in Europe. However, since the products of the Target Company are characterized by customized production and sales through close collaboration with customers, it is crucial that its experienced sales representatives, with deep knowledge of its products and technologies, work directly with customers. The sales representatives of YAGEO would not be able to handle such sales independently, and even if the Target Company were to share knowledge and

provide training on its products and technologies, this will require time and cost. Consequently, the Target Company considers the likelihood of partnering with YAGEO as accelerating the ongoing expansion of the Target Company into the European and U.S. markets as low. Regarding (e), products of the Target Company are essentially not used in circuit protection platforms. Therefore, the Target Company cannot see any clear benefits from integrating the sensor and circuit protection businesses of YAGEO with the business of the Target Company.

In addition, as for the management policy after the YAGEO Transactions, according to the Press Release Regarding YAGEO Scheduled Tender Offer, YAGEO will discuss and decide the management structure of the Target Company together with the Target Company, and fully agrees with and will support each of the three management focus areas stated in the Target Company's Medium-Term Business Plan announced on May 20, 2024: (a) product development, (b) productivity improvement, and (c) marketing. However, regarding (a) product development, as mentioned above, the products of the Target Company are predominantly custom-made and often integrated into mechanical components, whereas YAGEO products are mainly general-purpose products and used in electrical circuits. They thus have completely different characteristics. Further, the contents of the responses provided in the First Response From YAGEO, the Second Response From YAGEO, and the Meeting with YAGEO were limited to general explanations. Consequently, it remains unclear what specific support the Target Company could receive from YAGEO in terms of product development. Additionally, regarding the proposal included in the Press Release Regarding YAGEO Scheduled Tender Offer to integrate the sensor and circuit protection businesses of YAGEO into the Target Company with the Target Company taking on the design and development of the entire circuit protection business, the First Response From YAGEO described this as merely one of several future items to be considered. This suggests that YAGEO does not have a clear or consistent vision for the management structure of the Target Company following the acquisition. Furthermore, regarding (b) productivity, the comments of YAGEO include only general remarks about leveraging its many years of experience to benefit the Target Company without providing details on any specific support. Given the differences in product characteristics, the Target Company believes it is unlikely that the production technology of YAGEO in its mass production model designed for general-purpose products can be effectively applied to the vertically-integrated manufacturing system of the Target Company, which involves manufacturing customized products from raw materials, including manual work. Given that the material composition ratios of the products of the Target Company vary by production site, that relocating production facilities would require reapproval from customers, and that manufacturing processes that can be conducted overseas have already been transferred, the Target Company assesses that, at this point, synergies related to productivity improvements are limited. As for (c), regarding the idea of expanding the sales of products of the Target Company by leveraging the global marketing network of YAGEO, as explained above, the Target Company believes the impact will be limited.

Furthermore, according to the Press Release Regarding YAGEO Scheduled Tender Offer, YAGEO stated that it would carefully consider policies including maintaining the Target Company's brand after the YAGEO Transactions. However, as also stated in the Press Release Regarding YAGEO Scheduled Tender Offer, given that companies previously acquired by YAGEO have, as a general rule, had "YAGEO" added to their names, the Target Company cannot be certain that the brand it has built over time will be preserved.

One potential area of collaboration from the YAGEO Transactions is improving logistics efficiency. Leveraging YAGEO Group's global logistics network could offer opportunities to reduce the Target Company's logistics costs. However, since the Target Company's products are small in size, the Target Company believes the cost-saving impact from such efficiencies would be minimal.

Meanwhile, the Target Company's business may be adversely affected by an increase in geopolitical risk. Specifically, given the geopolitical risks related to China, including a potential Taiwan contingency, etc., the Target Company cannot deny that becoming a subsidiary of a Taiwanese company may create vague concerns or uncertainties among its employees and business partners regarding the medium- to long-term sustainability

and growth of its business. Additionally, the Target Company has achieved steady growth in sales in the United States in recent years and sees significant potential for further expansion. However, particularly in North America, economic security concerns have led many customer companies to carefully evaluate their procurement sources, including the Target Company's products. If the YAGEO Transactions proceed and the Target Company becomes a subsidiary of a Taiwanese company, there is a possibility that the Target Company will miss out on a considerable share in the North American market which is expected to grow. In addition, even if the Target Company were to use YAGEO's North American bases to respond to economic security, in an increasing number of cases, where the manufacturing process involves a production process in China, the Target Company is unable to deliver the products to the purchasers, it believes that there is a considerable risk that it would be viewed as a Taiwanese company and lose the contracts and existing business partners that it currently has. Furthermore, the corporate culture of YAGEO, which is a foreign company and has been expanding rapidly through M&A roll-up strategy, focusing on manufacturing and sales of catalog products, is likely to differ significantly from that of the Target Company, which has been providing uniquely designed niche products that meet its customers' needs by fully discussing the operating environment and temperature range with its customers from the development stage and solving problems. Such difference will raise concerns about the risk of talent loss, including loss of employees, especially when combined with the aforementioned geopolitical risks. Additionally, with the increased geopolitical risks and the prospect of a foreign company with a different management philosophy becoming the Target Company's parent company, there is a possibility that its existing business relationships may not be maintained.

On the other hand, as stated in the Press Release Regarding Target Company's Expression of Opinion in Favor of the Tender Offer,, the Offeror expects that, by making the Target Company private and integrating it into the Offeror Group through the Transactions, the following synergies can be achieved: (i) Technical innovation and development of high-value-added products, (ii) Global expansion utilizing the Offeror's sales channels, and (iii) Enhancement of operational efficiency. In this regard, the Offeror lists the sensor business as one spear in its "Eight Spear Strategy" and handles a wide range of electronic components compatible with temperature sensors, such as motors, semiconductors, and connectors, as well as machinery products that use temperature sensors. Therefore, the Target Company considers that, compared to YAGEO, which primarily focuses on passive components, the Offeror has an exceptionally broader range of potential areas for collaboration with the Target Company in product development related to temperature sensors. In fact, the Target Company has a proven track record of selling temperature sensors to the Offeror Group for various applications, including resolvers, industrial gas heat pumps, engine water temperature sensors for agricultural machinery, and power modules for inverters in electric vehicles. Accordingly, the Offeror expected that, by leveraging its strength in modularization technology, it can integrate the Target Company's temperature sensors into the Offeror's semiconductor products, and manufacture those products through the vertically integrated manufacturing process, which is the Target Company's strength; thereby providing higher-value-added temperature control solutions. This is the synergistic effect expected from the Transactions, which is highly convincing for the Target Company. In addition, while the Offeror, like YAGEO, cites the utilization of its global sales network as a potential synergy, the Offeror's product lineup has better compatibility with the Target Company's temperature sensors. Although the Offeror handles general-purpose products, its custom products account for a high proportion, similar to the Target Company, and it also employs a sales approach similar to that of the Target Company. Therefore, the potential synergies from leveraging the Offeror's sales network are considered more likely than those from YAGEO. Furthermore, the Offeror emphasizes vertically integrated manufacturing as its key strength, a similar approach the Target Company takes, placing importance on the front lines, and engaging extensively in custom product manufacturing; thus, the Offeror's production processes and manufacturing philosophy closely align with those of the Target Company. Consequently, the Target Company determined that the collaboration with the Offeror will make it possible to leverage the Offeror's long-standing expertise in production efficiency and further optimize the Target Company's manufacturing processes and to utilize the investment and management know-how

cultivated on the global stage by AP Group, which has a track record of investing in and supporting the growth of numerous listed companies, thereby contributing to enhancing the Target Company's corporate value.

Once the Target Company Shares are delisted, the following disadvantages are generally considered: (i) the inability to raise funds through equity finance from the capital markets, and (ii) the loss of the brand associated with being a publicly listed company, which could negatively impact employee recruitment, talent retention, and the Target Company's credibility with business partners and other stakeholders. However, taking into consideration the current situation of the Target Company, for (i), the Target Company will be able to receive financial support from the Offeror, and for (ii), as the Offeror is a publicly listed company with greater recognition than the Target Company domestically, and the Target Company's name and brand will be maintained, the Target Company does not anticipate significant concerns regarding its societal credibility. Therefore, the Target Company believes that the disadvantages of the Transactions are limited, and does not envision any significant dis-synergy arising from the Transactions.

In addition, based on the following points and related factors, the Target Company has concluded that the Tender Offer Price (4,500yen) is a reasonable price that secures the profits that the Target Company's minority shareholders should receive, and that the Tender Offer provides the Target Company's minority shareholders with a reasonable opportunity to sell the Target Company Shares at a price with an appropriate premium.

- (a) Regarding the Tender Offer Price, the Target Company has taken sufficient measures to ensure the fairness of the terms and conditions to the Transactions, including the Tender Offer Price as stated in “(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest.” Additionally, the Tender Offer Price is higher than the YAGEO Scheduled Tender Offer Price in the Press Release Regarding YAGEO Scheduled Tender Offer
- (b) The Tender Offer Price is above the upper limit of the range of share valuations of the Target Company Shares calculated by Nomura Securities with the average market price method (Reference Date (1)) and the average market price method (Reference Date (2)) (“Reference Date (1)” and “Reference Date (2)” are defined in “(D) Acquisition by the Target Company of a share valuation report from an independent third-party valuation agent ” in “(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest” below; the same applies hereinafter) as well as the range of share valuations calculated by the comparable company method, and within the range of share valuations calculated by the discounted cash flow method (“**DCF method**”), which are stated in “(D) (B) Establishment of a Special Committee independent of the Target Company and acquisition of a report from Special Committee ” in “(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest” below.
- (c) The Tender Offer Price is above the upper limit of the range of share valuations of the Target Company Shares calculated by YAMADA Consulting with the market price method as well as above the upper limit of the range of share valuations calculated by the comparable company method, and within the range of share valuations calculated by the DCF method, which are stated in “(E) Acquisition by the Special Committee of a share valuation report from an independent third-party valuation agent” in “(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest” below.
- (d) The Tender Offer Price is the price at which a premium has been added of 43.54% against the closing price of 3,135 yen of the Target Company Shares on the TSE Standard Market on February 5, 2025, immediately before the announcement of the Press Release Regarding YAGEO Scheduled Tender

Offer which triggered volatility in the price of Target Company Shares , 40.23% against the simple average closing price of 3,209 yen for the period of one month immediately preceding this date , 38.59% against the simple average closing price of 3,247 yen for the period of three months immediately preceding this date, and 37.24% against the simple average closing price of 3,279 yen for the period of six months immediately preceding this date. Furthermore, when compared to 49 past examples of tender offers for other company's shares intended to delist companies in Japan (excluding transactions where the offeror (including its specially related parties) held a certain percentage or more of voting rights, as well as MBO transactions, etc.) announced on and after June 28, 2019 (i.e., the date when the "Guidelines for Corporate Takeovers-Enhancing Corporate Value and Securing Shareholders' Interests-" were announced by the Ministry of Economy, Trade and Industry) and completed, the Tender Offer Price is considered to be comparable to the range of premiums observed in cases comparable to the Transactions, and therefore, a reasonable premium is considered to be attached to the Tender Offer Price. The median of premium levels in these cases were 52.74% over the closing price on the business day immediately before the announcement, 53.47% over the immediately preceding one-month median, 52.54% over the immediately preceding three-month median, and 54.65% over the immediately preceding six-month median.

Furthermore, the Tender Offer Price is the price at which a premium has been added of 7.40% against the closing price of 4,190 yen of the Target Company Shares on the TSE Standard Market on February 5, 2025, which is the business day immediately prior to the announcement of the Tender Offer, 0.99% against the simple average closing price of 4,456 yen for the period of one month immediately preceding this date, 9.49% against the simple average closing price of 4,110 yen for the period of three months immediately preceding this date, and 20.97% against the simple average closing price of 3,720 yen for the period of six months immediately preceding this date, but it is reasonable to assume that the announcement of the Press Release Regarding YAGEO Scheduled Tender Offer published by YAGEO on February 5, 2025 had a significant impact on the share price of the Target Company's shares as of the same date, and therefore, in the analysis of the premium, placed importance on comparing the share price before the Press Release Regarding YAGEO Scheduled Tender Offer was published.

- (e) It is recognized that measures to ensure fairness of the Tender Offer Price and protect the interests of minority shareholders have been taken, which are stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" below.
- (f) In the Report received from the Special Committee, independent of the Offeror, AP Group and the Target Company, it has been determined that the appropriateness of the various terms and conditions of the Transactions, including the Tender Offer Price, has been ensured as stated in "(B) Establishment of a Special Committee independent of the Target Company and acquisition of a report from the Special Committee" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" below.

For these reasons, the Target Company resolved unanimously at the Target Company's Board of Directors meeting held today, that, as the Target Company's opinion at this time, if the Tender Offer is commenced, it will express an opinion of support for the Tender Offer and recommend that its shareholders tender their shares in the Tender Offer. Furthermore, the Target Company also resolved that, as the Target Company's opinion at this time, if the YAGEO Tender Offer is commenced, which is mutually exclusive with the Tender Offer for which the Board of Directors has resolved to express an opinion of support and recommend our

shareholders to tender their shares, it will express its opposition to the YAGEO Tender Offer and encourage the Target Company's shareholders not to tender their shares in the YAGEO Tender Offer.

For the Target Company's opinion on the YAGEO Tender Offer at this time, please see the Press Release Regarding Opposing Opinion from the Target Company.

(C) Management policy after the Tender Offer and the Transactions

If the Offeror fails to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company) through the Tender Offer, the Squeeze-Out Process described in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" below will be implemented, and the Target Company will be delisted with the Offeror as the sole shareholder of the Target Company. After the Squeeze-Out Process is completed, the Offeror and AP Group are scheduled to transition to a management structure in which the Offeror and AP Group plan to hold 95% and 5% of the Target Company's shares respectively, in accordance with the Share Transfer, and the Target Company is scheduled to become a consolidated subsidiary of the Offeror.

With regard to the management structure of the Target Company after the completion of the Transactions, no decisions have been made at this time, but the Offeror is assuming that the current management structure of the Target Company will be maintained and that the current management team will continue to work on implementing the Target Company's growth strategy. With regard to the officers (the directors and the auditors), the Offeror plans to dispatch a small number of personnel from the Offeror following the model used in the Offeror Group management and governance structure, but the details will be discussed and considered in depth with the Target Company. In addition, with regard to management policies and measures for business operations, etc., the Offeror is scheduled to hold various discussions with the Target Company after the Transaction in order to achieve synergy effects quickly, effectively and efficiently.

With regard to the employment and treatment of employees, the Offeror assumes that the current conditions will be maintained in their entirety for the time being, on the premise that there will be no significant deterioration in performance or changes in the environment for the Target Company.

(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest

The measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, are as stated below. The statements below regarding the Target Company are based on information publicly announced by the Target Company, the Press Release Regarding Target Company's Expression of Opinion in Favor of the Tender Offer, and explanations received from the Target Company.

As of today, the Offeror does not hold the Target Company Shares. Therefore, the Tender Offer does not constitute a tender offer by a controlling shareholder. Also, the Tender Offer does not fall under a tender offer in which the Offeror is an officer of the Target Company, nor in which the Offeror conducts a tender offer at the request of an officer of the Target Company, which would provide a common interest with the officer of the Target Company. Furthermore, the Transactions, including the Tender Offer, do not fall under a so-called management buyout (MBO) transaction.

However, considering that the Offeror intends to make the Target Company its wholly-owned subsidiary, and that the Transactions, including the Tender Offer, is being implemented as a counterproposal against the YAGEO Transactions as a result of a market check by the Target Company, the following measures have been taken to eliminate the concerns over arbitrariness in the Target Company's Board of Directors' decision-making process and to ensure fairness and transparency of the process. The descriptions related to measures taken by the Offeror in the following are based on explanations provided by the Offeror.

(A) Acquisition by the Offeror of a share valuation report from an independent third-party valuation agent

In determining to conduct the Tender Offer, the Offeror requested Daiwa Securities, its financial advisor, to calculate the share value of the Target Company Shares as a third-party valuation agent independent from the Offeror, AP Group, the Tendering Shareholders, the Target Company and YAGEO, and received the Share Valuation Report (the “**Share Valuation Report (Daiwa Securities)**”) on April 9, 2025. Daiwa Securities is not a related party of the Offeror, AP Group, the Tendering Shareholders, the Target Company or YAGEO, and does not have any material interest in the Tender Offer. Moreover, compensation for Daiwa Securities includes a contingency fee, which is paid subject to completion, etc. of the Tender Offer, which is within the scope of general practice in the same types of transactions. In light of other measures taken in the Transactions to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Offeror believes that sufficient consideration has been given to the interests of the Target Company’s minority shareholders, and has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from Daiwa Securities.

(B) Establishment of a Special Committee independent of the Target Company and acquisition of a report from the Special Committee

(i) Background of the establishment of the Special Committee

As stated in “(B) Decision-making process and reasons that led to the Target Company’s support for the Tender Offer” in “(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer” above, on February 11, 2025, the Target Company established the Special Committee by resolution of its Board of Directors, to eliminate arbitrariness and ensure fairness, transparency, and objectivity in the Target Company’s decision-making process for examining the YAGEO Transactions and the Transactions, which comprises the following three members: Mr. Isao Abe (Independent Outside Director of the Target Company), Ms. Maki Kataoka (Independent Outside Corporate Auditor of the Target Company), and Mr. Kentaro Shibata (Lawyer, Shibata, Suzuki & Nakada), all of whom do not have material interests in the Offeror, AP Group, the Tendering Shareholders, the Target Company, or YAGEO. The Target Company did not appoint some outside directors as Special Committee members from the perspective of flexible committee management, etc., and appointed Mr. Kentaro Shibata, an outside expert, as a Special Committee member for the reason that he possesses professional knowledge as a lawyer and a wealth of experience and expertise as an outside director of other companies, as well as a proven track record of dealing with cases of the same or similar type. In addition, the Target Company resolved to give maximum consideration to the judgment of the Special Committee, and if the Special Committee determines that the terms of either the YAGEO Transactions or the Transactions are not appropriate, the Board of Directors will not support the relevant transactions under those terms. Mr. Isao Abe was appointed chairperson of the Special Committee by mutual selection among its members, and all members have remained unchanged since the establishment of the Special Committee. The remuneration of the Special Committee members is either fixed remuneration paid regardless of the success or failure of the YAGEO Transactions or the Transactions, or the one calculated by multiplying the working hours by an hourly rate. It does not include a contingency fee, contingent upon the completion of the YAGEO Transactions or the Transactions, or any other factor.

By resolution of its Board of Directors on February 11, 2025, the Target Company consulted with the Special Committee on (a) what opinion its Board of Directors should express on the YAGEO Tender Offer, (b) whether the YAGEO Transactions is considered not to be disadvantageous to the Target Company’s minority shareholders (including opinions on (i) the legitimacy and reasonableness of the purpose of the YAGEO Transactions (including whether it contributes to the enhancement of corporate value), (ii) the fairness of the terms and conditions of the YAGEO Transactions (including the purchase price in the YAGEO Tender Offer), and (iii) the fairness of the negotiation process leading to the YAGEO Transactions and the procedures leading to decision-making), and (c) if a counterproposal is presented by a counterproposer, what

opinion its Board of Directors should express on the counterproposal and whether it is considered not to be disadvantageous to the Target Company's minority shareholders (collectively "**Consultation Matters**"), and entrusted the Special Committee to submit a Report to the Board of Directors on these points. Additionally, the Target Company resolved that it grants the Special Committee the authority to: (a) research and examine matters related to the YAGEO Tender Offer and the counterproposal at the Target Company's expense (including the authority to question the Target Company's officers, employees, or external experts, such as financial advisors, third-party valuation agents, and legal advisors ("**Advisors, etc.**"), and request their attendance at the Special Committee meetings, written responses, or other explanations or advice necessary for deliberating the Consultation Matters); (b) substantially engage in the negotiation process between the Target Company and YAGEO or a counterproposer (including the authority to instruct or request on discussions or negotiation policies and, if necessary, have direct discussions or negotiations with YAGEO or a counterproposer itself); and (c) appoint or approve (including approve subsequently) the Target Company's Advisors, etc., and, if necessary, appoint its own Advisors, etc. for ensuring appropriate decision-making. (If the Special Committee appoints its Advisors, etc., the Target Company shall bear those expenses, and the Special Committee may seek professional advice from the Target Company's Advisors, etc., as well.)

(ii) Background of the deliberation

The Special Committee held a total of 19 meetings from February 14, 2025 to April 9, 2025, and through these meetings, as well as contact by e-mail and telephone, as necessary, the members made report, shared information, deliberated, and made decisions, and carefully discussed and examined the Consultation Matters. Specifically, the Special Committee first confirmed that Kitahama Partners, appointed as the Target Company's legal advisor, and Nomura Securities, appointed as the Target Company's financial advisor and third-party valuation agent, both have no issues with their independence and expertise, approved them as legal advisor, and financial advisor and third-party valuation agent for the Target Company, respectively. The members also confirmed that the Special Committee itself could obtain expert advice from them as necessary. In addition, the Special Committee confirmed that there were no issues from the viewpoint of independence and fairness with the system for consideration of the YAGEO Transactions and a counterproposal that the Target Company established internally (including the scope and duties of the Target Company's officers and employees involved in the consideration, negotiation, and judgment of the YAGEO Transactions and a counterproposal). Furthermore, at a Special Committee meeting held on February 25, 2025, it appointed YAMADA Consulting as its independent financial advisor and confirmed that there were no issues with its independence and expertise.

After that, the Special Committee received explanations from the Target Company, both in written and interview formats, regarding the purpose and significance of the YAGEO Transactions and the Transactions, as well as their impact on the Target Company's business, and held question-and-answer sessions primarily on details of synergies and dyssynergies expected from the YAGEO Transactions and the Transactions. The Special Committee also received explanations from YAGEO in both interview and written formats regarding the purpose and background of the YAGEO Transactions and the management policy after the YAGEO Transactions, and held question-and-answer session on details of synergies expected from the YAGEO Transactions and supplementary explanations to the responses to the First Questionnaire to YAGEO and the Second Questionnaire to YAGEO and related matters. Furthermore, the Special Committee received explanations from the Offeror in both interview and written formats regarding the purpose and background of the Transactions and the management policy after the Transactions, and held question-and-answer sessions primarily on details of synergies expected from the Transactions.

The Special Committee also received explanations from the Target Company regarding the details, key preconditions, and process for preparing the Business Plan, and confirmed their rationality.

Furthermore, the Special Committee received explanations from Nomura Securities and YAMADA Consulting regarding details of the terms and conditions of the YAGEO Transactions and the Transactions,

the background to the discussions and negotiations, and the calculation of the value of the Target Company Share, as well as explanations from Kitahama Partners regarding the measures to ensure the fairness of the procedural aspects of the YAGEO Transactions and the Transactions, the approach and process of the Target Company's Board of Directors' decision-making regarding the YAGEO Transactions and the Transactions, and details of the measures to avoid other conflicts of interests. Question-and-answer sessions were also held regarding these matters.

The Special Committee received timely reports from the Target Company on the progress and details of discussions and negotiations related to the YAGEO Transactions between the Target Company and YAGEO, as well as the Transactions between the Target Company and the Offeror. Regarding the negotiations on the Tender Offer Price conducted as stated in "(B) Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer" above, through the process leading to the Offeror's proposal of the Tender Offer Price at 4,500 yen per share, the Special Committee substantially engaged in the negotiations. Specifically, each time the Special Committee received a proposal from the Offeror regarding the Tender Offer Price, the members deliberated and examined negotiation strategies toward the Offeror, based on advice from Nomura Securities and YAMADA Consulting on the financial aspects.

(iii) Details of the judgment

Based on the above circumstances, the Special Committee carefully discussed and deliberated the Consultation Matters, and as a result, it submitted the Report to the Target Company's Board of Directors as of April 10, 2025, with the unanimous consent of all members, as summarized below.

(a) Report

- a. The Target Company's Board of Directors should pass a resolution expressing an opinion in support of the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer. The Transactions, including the Tender Offer, will not be disadvantageous to the Target Company's minority shareholders (Report on the Consultation Matter (c)).
- b. Since the YAGEO Tender Offer is mutually exclusive with the Tender Offer, for which the Target Company's Board of Directors should resolve to express a supportive opinion and recommend tendering of shares, the Target Company's Board of Directors should express an opinion in opposition to the YAGEO Tender Offer (Report on the Consultation Matter (a)).
- c. Regarding whether the YAGEO Transactions, including YAGEO Tender Offer, are disadvantageous to the Target Company's minority shareholders, insofar as the Transactions, which are more advantageous to the Target Company's minority shareholders than the YAGEO Transactions, are being implemented, the YAGEO Transactions can only be regarded as disadvantageous (Report on the Consultation Matter (b)).

(b) Reasoning of the Report

a. Consideration of the Tender Offer

(1) Premise

- Regarding whether the Transactions, including the Tender Offer, are disadvantageous to the Target Company's minority shareholders, the Special Committee deliberate from the aspects (i) the legitimacy and reasonableness of the purpose of the Transactions (including whether they contribute to enhancing corporate value), (ii) the fairness of terms and conditions of the Transactions (including the purchase price for the Tender Offer), and (iii) the fairness of the negotiation process leading to the Transactions and the procedures leading to decision-making as follows.

- (2) Legitimacy and reasonableness of the purpose of the Transactions (including whether they contribute to enhancing corporate value)

- Offeror's understanding or thinking regarding the Transactions

Through question-and-answer sessions in writing and during the interview with the Offeror conducted at the 13th Special Committee meeting held on April 1, 2025 and the Meeting with Offeror held on April 8, 2025, the Special Committee confirmed the Offeror's understanding or thinking regarding the Transactions as follows:

- (i) The Offeror believes that, because it handles a wide range of electronic components compatible with temperature sensors used for such as motors, semiconductors, and connectors, seizing the opportunity to develop technologies and products that combine those components will realize the Offeror's key strategy, INTEGRATION with the Target Company.
- (ii) The Offeror believes that cross-selling can be expected by leveraging the Offeror's global sales network for its wide variety of sensors, analog semiconductors, motors, and other products compatible with the Target Company's NTC thermistors.
- (iii) The Offeror recognizes that as demand for temperature sensors will increase going forward, stable procurement of components and reduction of procurement costs will be critical issues. However, it expects further enhancement of the profitability of the Target Company's business by facilitating cooperative procurement, taking advantage of the Offeror's procurement network and integration of logistics and other aspects of supply chains, and leveraging the Offeror's sales channels.
- (iv) The Offeror expects that the Target Company's production efficiency can be improved substantially by utilizing the Offeror's strengths in mass production manufacturing and factory operations know-how.
- (v) Recognizing the drastically changing external environment, such as carbon neutralization, automobile electrification, growing demand for AI servers, and the spread of IoT high-performance home appliances, the Offeror believes that to approach swiftly and efficiently to maximize synergies stated in (i) through (iv) above, including the synergistic effects between the various motors and analog semiconductors of the Offeror Group and the Target Company's NTC thermistors, it would be desirable that the Target Company adopts a medium-to-long term perspective without being swayed by short-term fluctuations in its business performance, and the Target Company and the Offeror Group come together to form an agile, integrated partnership to share information and human resources and achieve an optimal allocation of managerial resources.

- The Target Company's understanding and thinking regarding the Transactions and the YAGEO Transactions

Through question-and-answer sessions in writing and during the interview with the Target Company conducted at the 9th Special Committee meeting held on March 19, 2025, the Special Committee confirmed the Target Company's understanding or thinking regarding the Transactions and the YAGEO Transactions as follows:

- (i) The Offeror lists the sensor business as one spear in its "Eight Spear Strategy" and handles a wide range of electronic components compatible with temperature sensors used for, such as motors, semiconductors, and connectors, as well as machinery products that use temperature sensors. Compared to YAGEO, which primarily focuses on passive components, the Offeror has a much broader range of potential areas for collaboration with the Target Company's temperature sensors and product development, thus the Target Company expects that synergies can be realized at an early stage.

- (ii) The Target Company has a history of selling temperature sensors to the Offeror Group for their applications, such as resolvers, industrial gas heat pumps, engine water temperature sensors for agricultural machinery, and power modules for inverters in electric vehicles; thus, the Target Company believes that, by leveraging the Offeror's strength in modularization technology, it can integrate its temperature sensors into the Offeror's semiconductor products, and manufacture those products through the vertically integrated manufacturing process, which is the Target Company's strength; thereby providing higher-value-added temperature control solutions. Accordingly, the expected synergistic effect presented by the Transactions is persuasive for the Target Company.
- (iii) While the Offeror, like YAGEO, cites the utilization of its global sales network as a potential synergy, the Offeror's product lineup has better compatibility with temperature sensors. The Offeror's custom products account for a high proportion, which is similar to the Target Company, and it also employs a sales approach similar to the Target Company. Therefore, the Target Company believes that the potential synergies from leveraging the Offeror's sales network are more likely than those from YAGEO.
- (iv) As the Offeror emphasizes vertical integration as its key strength, a similar approach the Target Company takes, placing importance on the front lines, and engaging extensively in custom product manufacturing, the Target Company believes that the Offeror's production processes and manufacturing philosophy closely align with those of the Target Company. Therefore, the collaboration with the Offeror will enable leveraging the Offeror's long-standing expertise in production efficiency and further optimization of the Target Company's manufacturing processes.
- (v) Even after delisting the Target Company Shares, the Target Company will be able to receive financial support from the Offeror. Also, since the Offeror is a publicly listed company with greater domestic recognition than the Target Company, and the Target Company's name and brand will be maintained, the Target Company does not anticipate significant concerns regarding its societal credibility. Therefore, the Target Company believes that the disadvantages of the Transactions are limited, and it does not envision any considerable dis-synergy arising from the Transactions.
- (vi) AP and the Offeror have entered into a Memorandum of Understanding that agreed on the handling of the Target Company Shares held by AP Group after the Share Transfer and the Transactions for the purpose of AP Group's capital participation in the Target Company by providing a portion of the funds for Tender Offer Price and the Squeeze Out Process. Even if it becomes necessary to raise the Tender Offer Price, the Target Company believes that the Offeror has sufficient funds in place to accommodate such a situation.
- (vii) The Target Company believes that in the Meeting with Offeror on April 8, 2025, the Representative Director and Chairman of the Offeror expressed its willingness to complete the Transactions.
- (viii) The Target Company believes that, by collaborating with the Offeror, it will be able to make further improvements to the efficiency of its manufacturing processes by utilizing the Offeror's many years of expertise in improving production efficiency, and that it will also be able to utilize the investment and management expertise cultivated on the global stage by AP Group, which has a track record of investing in and supporting the growth of numerous listed companies.
- (ix) After the Press Release Regarding YAGEO Scheduled Tender Offer was published, the Target Company submitted questionnaires to YAGEO twice, asking detailed questions, and had the Meeting with YAGEO. However, the Target Company believes that YAGEO's anticipated synergies as stated in the Press Release Regarding YAGEO Scheduled Tender

Offer – specifically, the synergistic effects of (a) enhancing product portfolio, (b) capturing market opportunity in key end markets, (c) globally expanding sell-through of the Target Company’s NTC thermistors, (d) winning more long-term, design-in-based and profitable businesses, (e) designing and developing entire sensor and circuit protection platforms, and (f) accelerating growth investment – will be meager and limited.

- (x) Regarding the management policy after the YAGEO Transactions, YAGEO notes that the Target Company’s management structure will be discussed and decided together with the Target Company going forward, and that YAGEO entirely agrees with and will support the realization of (a) product development, (b) productivity improvement, and (c) marketing as stated in the Target Company’s Medium-Term Business Plan announced by the Target Company on May 20, 2024; however, the Target Company feels that it is unclear exactly what kind of support the Target Company will receive from YAGEO.
- (xi) According to the Press Release Regarding YAGEO Scheduled Tender Offer, YAGEO will carefully consider policies, including maintaining the Target Company’s brand, but given that companies previously acquired by YAGEO have, as a general rule, had “YAGEO” added to their names, the Target Company cannot be sure that the brand it has built over time will be maintained.
- (xii) One potential area of collaboration with YAGEO from the YAGEO Transactions is improving logistics efficiency, and leveraging YAGEO Group’s global logistics network could offer opportunities to reduce the Target Company’s logistics costs; however, since the Target Company’s products are small in size, the Target Company believes the cost-saving impact from such efficiencies would be minimal.
- (xiii) The Target Company anticipates that the YAGEO Transactions will (i) increase geopolitical risks; (ii) bring about a loss of a substantial share in the North American market, where the growth is expected, due to concerns about economic security. Specifically, even if the Target Company manufactures its products utilizing YAGEO’s bases in North America, in cases where its manufacturing process involves production in China, many customer companies might be unwilling to accept the delivery of those products. Thus, once the Target Company is viewed as a Taiwanese company, there is a considerable risk that the Target Company will lose its existing contracts and business relationships that the Target Company currently has, (iii) create a risk of talent loss because YAGEO’s corporate culture is likely to differ significantly from that of the Target Company, especially when combined with the geopolitical risks above, and (iv) create a possibility that its existing business relationships may not be maintained, given the increased geopolitical risks and the prospect of a foreign company with a different management philosophy becoming the Target Company’s parent company.
- (xiv) Taking into consideration points (ix) through (xiii) above, the Target Company believes that the YAGEO Transactions are unlikely to contribute to enhancing the Target Company’s corporate value, compared to the Transactions.

• Assessment of the Special Committee

Having given careful deliberation and consideration in light of the foregoing, the Special Committee finds that there are no discernible problems or concerns of particular note with either “the Offeror’s understanding or thinking regarding the Transactions” or the “Target Company’s understanding and thinking regarding the Transactions and the YAGEO Transactions” above, and that the Offeror’s explanations of the significance and purposes of the Transactions and the direction of business operations going forward has a certain level of specificity, thus justifying the view that the Transactions will be advantageous. In contrast, no particularly material issues are

discernible among the disadvantages of the Transactions, and no dis-synergy is envisioned. In addition, the Special Committee considers that the Target Company's view that there is a possibility that the YAGEO Transactions will be unlikely to contribute to enhancing the Target Company's corporate value, compared to the Transactions, is not unreasonable, in contrast, from the perspective of the impacts on its corporate value over the mid-to long term, the Target Company's view that the Transactions will contribute to enhancing the Target Company's corporate value is reasonable. Furthermore, although the Offeror reduced the proposed price for the Tender Offer from 4,600 yen proposed on April 3, 2025, the Special Committee views the considerable likelihood of completion of the Tender Offer based on (vi) and (vii) above. Therefore, the Special Committee believes that the Transactions' purposes will enhance the Target Company's corporate value and that they are reasonable and legitimate.

(3) Fairness of the terms and conditions of the Transactions (including purchase price in the Tender Offer)

For the following reasons, the Tender Offer Price and other transactional terms and conditions regarding the Transactions can be regarded as fair terms and conditions.

• The Tender Offer Price

The Tender Offer Price of 4,500 yen is considered to have a certain level of reasonableness since the price is higher than the YAGEO Tender Offer Price in the YAGEO Proposal at 4,300 yen, and in addition, for the following reasons: (a) the price is higher than the closing price of Target Company Shares on the TSE on February 5, 2025, immediately before the publication of the Press Release Regarding YAGEO Scheduled Tender Offer, which triggered volatility in the price of Target Company Shares, and also the simple average closing prices for the one-month, three-month, and six-month periods, respectively immediately preceding this date ((v)), (b) the price was agreed upon following a series of sincere negotiations with the substantial involvement of the Special Committee ((i)); (c) no unreasonable point is found in the Target Company's Business Plan ((ii)); (d) the price is higher than the maximum of the price ranges calculated with the average market price method and the comparable company method, and the median value of the price range calculated with the DCF method in the share valuation result by Yamada Consulting ((iii)); (e) the price is higher than the maximum of the price range calculated with the average market price method and the comparable company method, and within the price range calculated with the DCF method, in the share valuation by Nomura Securities ((iv)); and (f) the price can be considered to represent a premium that is generally in line with the level of the premiums in past cases similar to the Transactions ((vi)), (g) the reduction of the Tender Offer Price from 4,600 yen proposed on April 3, 2025 is not considered as unreasonable reduction of the proposed tender offer price ((vii)).

- (i) The Tender Offer Price is found to have been agreed upon following a series of sincere negotiations in which, with the substantial involvement of the Special Committee independent of the Target Company and the Offeror, conditions were secured for reasonable efforts to be made to have the Transactions to be implemented under transactional terms and conditions as advantageous to the Target Company's minority shareholders as possible.
- (ii) Regarding the Target Company Business Plan presupposed in the share valuations by Yamada Consulting and Nomura Securities, the Special Committee received explanations from the Target Company's management and held question-and-answer sessions, but uncovered no circumstances raising doubts as to fairness in the background to its formulation, nor anything unreasonable in its content.

- (iii) The results of the share valuation by Yamada Consulting show that, under the market price method, the share value per Target Company Share is analyzed to be from 3,135 yen to 3,279 yen with the Reference Date (i), the day when the Press Release Regarding YAGEO Scheduled Tender Offer was announced, and from 3,720 yen and 4,456 yen with the Reference Date (ii). In addition, under the DCF method, the share value per Target Company Share is analyzed to be from 3,568 yen to 5,886 yen, and under the comparative company method, it is analyzed to be from 2,993 yen to 3,454 yen. Thus, the Tender Offer Price is higher than the maximum of the valuation result under the market price method and the comparable company method, and within the range analyzed under the DCF method. Also, these calculations of share value were performed with measures taken to avoid the influence of the result of Nomura Securities' share valuation on Yamada Consulting's share valuation, and Yamada Consulting's explanations to the Special Committee regarding such calculations cannot be considered unreasonable in any particular respect; thus, its valuation can be regarded as trustworthy.
- (iv) The results of the share valuation by Nomura Securities show that, under the average market price method, the share value per Target Company Share is analyzed to be from 3,135 yen to 3,279 yen with Reference Date (i), and from 3,720 yen to 4,456 yen with Reference Date (ii). In addition, under the DCF method, the share value per Target Company Share is analyzed to be from 3,355 yen to 6,428 yen, and under the comparable company method, the share value per Target Company Share is analyzed to be from 2,008 yen to 3,209 yen; thus, the Tender Offer Price is higher than the maximum of the valuation result under the average market price and the comparable market method, and within the range analyzed under the DCF method. Also, Nomura Securities' explanations to the Special Committee regarding these calculations of share value cannot be considered unreasonable in any particular respect; thus, its valuation can be regarded as trustworthy.
- (v) The 4,500 yen of the Tender Offer Price is the price at which a premium has been added of 43.54% against the closing price of 3,135 yen of the Target Company Shares on the TSE on February 2, 2025, immediately before the announcement of the Press Release Regarding YAGEO Scheduled Tender Offer, which triggered volatility in the price of Target Company Shares, 40.23% against the simple average closing price of 3,209 yen for the period of one month immediately preceding this date, 38.59% against the simple average closing price of 3,247 yen for the period of three month immediately preceding this date, and 37.24% against the simple average closing price of 3,279 yen for the period of six month immediately preceding this date.
- (vi) When compared to the 49 actual cases of premiums in the past examples of tender offers without the maximum limitation for the purpose of delisting publicly traded companies in Japan (excluding transactions where the offeror (including its specially related parties) held certain percentages of voting rights and MBOs) announced after June 28, 2019, the date when "Fair M&A Guidelines" was released (the median of the premium levels in these cases is 52.74% over the closing price on the business day immediately before the announcement, 53.47% over the one-month average, 52.54% over the last three-month average, and 54.65% over the six-month average), the Tender Offer Price is considered generally in line with or higher than their level and including the reasonable premium. However, the 4,500 yen of the Tender Offer Price represents a premium of 7.40% on the closing price of 4,190 yen for the Target Company Shares on the TSE on April 9, 2025, the Business Day immediately preceding the date of announcement of the Tender Offer; the movement of the Target Company's Share price after the announcement of the Press Release Regarding YAGEO Scheduled Tender Offer can reasonably be regarded as reflecting the announcement's

considerable impact on the share price of Target Company Shares and had no impact on the Special Committee's determination that the Tender Offer Price offers a premium that is generally in line with or higher than the level of the past similar transactions.

- (vii) Although the Tender Offer Price of 4,500 yen is a 2.17% reduction from the 4,600 yen proposed by the Offeror on April 3, 2025, (i) the VWAP (Volume Weighted Average Price) of the Target Company Shares from April 3, 2025, the business day following April 2, 2025, the day on which the US tariff measures were announced, to April 8, 2025, was at a level 3.58% lower than the closing price on April 2, 2025, and (ii) although the direct impact of the U.S. tariff measures on the Target Company's earnings outlook is limited, as "The Impact of Mutual Tariffs on Japan's Real GDP: Up to -1.8%," published by Daiwa Institute of Research Ltd. on April 3, 2025, states that "the announced tariffs are estimated to depress real GDP in the Japanese economy by 0.6% (2025) in the short term and by 1.8% (2029) in the medium term," a deterioration in the macroeconomic outlook cannot be ruled out. In the past, when Target Company's performance deteriorated due to macroeconomic events, such as in the fiscal years ending March 2020 and 2023, the rate of decline in actual results compared to the performance forecast made at the beginning of the fiscal year tended to be greater for operating income than for net sales. Therefore, if the macroeconomic outlook were to worsen and the Target Company's sales declined at a rate equivalent to the decline in real GDP, it is considered quite possible that profits could decline by more than 2%; and (iii) in light of the history of price negotiations with the Offeror and the Meeting with Offeror held on April 8, 2025, it is considered unlikely that a higher proposal price would be proposed at this point in time. Based on these points, the Special Committee believes that the reduction of the proposed price is not unreasonable.

- Amount to be delivered to the Target Company's minority shareholders in the Squeeze Out Process
In the Squeeze Out Process, the amount of money to be delivered to each minority shareholder is planned to be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by such shareholder (except for the Offeror and the Target Company); thus, according to the same thinking as pertains to the Tender Offer Price itself, such amount has a certain level of reasonableness and cannot be regarded as an inappropriate level.

- Appropriateness of the scheme of the Transactions
The scheme adopted for the Transactions, in which a tender offer is implemented as a first step and a squeeze out is executed through the Demand For Cash-Out or the Share Consolidation as a second step, is a commonly utilized delisting method, and any Target Company's shareholders dissatisfied with the Tender Offer Price will be able to file a petition in court to determine a price after the exercise of appraisal rights. Also, as stated in "(4) Fairness of the negotiation process leading to the Transactions and the procedures leading to decision-making" below, given that considerable care has been taken to ensure that coercion does not arise in the Tender Offer, the method of the Transactions cannot be considered unreasonable in any respect; it is deemed appropriate.

- (4) Fairness of the negotiation process leading to the Transactions and the procedures leading to decision-making

For the following reasons, the negotiation process leading to the Transactions and the procedures leading to decision-making can be regarded as fair.

- Establishment of the Special Committee

- (i) To eliminate concerns over arbitrariness in the decision-making process of the Target Company's Board of Directors and ensure the fairness and transparency of the process, the Target Company established a Special Committee consisting of three members: one Independent Outside Director of the Target Company, one former Independent Outside Corporate Auditor of the Target Company, and one outside expert. The Target Company then sought the Committee's counsel.
 - (ii) The Special Committee is composed of three members: Mr. Isao Abe, who has expert knowledge and extensive experience and insight regarding finance, accounting, and internal oversight as a certified public accountant; Ms. Maki Kataoka, who was involved with audit operations at an auditing firm as a certified public accountant before joining the Metropolitan Police Department, where she successively held important posts such as Financial Investigator and Director, and who has expert knowledge and broad insight regarding finance, accounting, and internal oversight; and Mr. Kentaro Shibata, who has a wealth of experience and expertise as an outside director of other companies, as well as a proven track record of dealing with cases of the same or similar type. Thus, the members can be considered to have the experience and knowledge necessary to evaluate the Consultation Matters.
 - (iii) The Special Committee conducted a total of 19 rounds of deliberations between February 14, 2025 and April 9, 2025.
 - (iv) Regarding the Target Company's negotiations with the Offeror, the Special Committee gave instructions and made requests to the Target Company regarding the negotiation policies or it directly requested in writing to the Offeror, thus ensuring that sincere negotiations were conducted in which, with the substantial involvement of the Special Committee, conditions were secured for reasonable efforts to be made to have the Transactions implemented under transactional terms and conditions as advantageous to the Target Company's minority shareholders as possible. The Tender Offer Price of 4,500 yen is a 2.17% reduction from the 4,600 yen proposed by the Offeror on April 3, 2025. While such a reduction in the proposed price is quite exceptional, (a) as stated in (vii) in "• The Tender Offer Price" under "(3) Fairness of the terms and conditions of the Transactions (including purchase price in the Tender Offer," the proposed price is not considered to be an unreasonable reduction in light of the special circumstances in the macroeconomic environment of the U.S. tariff measures; (b) after the proposed price from the Offeror was reduced to 4,400 yen, the Special Committee successfully raised the proposed price to 4,500 yen as a result of the negotiations by the Special Committee. Therefore, the fact that the Tender Offer Price was reduced from the 4,600 yen proposed by the Tender Offeror on April 3, 2025 does not affect the Special Committee's determination that the Target Company's negotiations with the Offeror were conducted in good faith with the aim of achieving transaction terms as favorable as possible for minority shareholders.
- Acquisition by the Special Committee of a share valuation report from an independent third-party valuation agent
 - (i) To deliberate the Consultation Matters, the Special Committee appointed Yamada Consulting, its own financial advisor and third-party valuation agent, independent of the Target Company, the Offeror, and YAGEO. It received from Yamada Consulting a share valuation of the Target Company Shares as well as advice on negotiations with the Offeror and other such advice from a financial perspective, and obtained the Target Company Share Valuation Report (Yamada Consulting) dated April 9, 2025.
- Acquisition by the Target Company of a share valuation report from an independent third-party valuation agent

- (i) To ensure the fairness of the Tender Offer Price and the same of the Transactions, the Target Company appointed Nomura Securities as its financial advisor and third-party valuation agent, independent of the Target Company, the Offeror, AP Group, and YAGEO, and the Special Committee confirmed that there were no issues with the independence, competence, or track record of Nomura Securities
 - (ii) From Nomura Securities, the Target Company received a share valuation of the Target Company Shares, advice on negotiations with the Offeror, and other such advice and support from a financial perspective, and obtained the Share Valuation Report (Nomura Securities) dated April 9, 2025.
- Acquisition by the Target Company of advice from an independent law firm
 - (i) To ensure the fairness of the Tender Offer Price and the same of the Transactions, the Target Company appointed Kitahama Partners as its legal advisor, independent of the Target Company, the Offeror, AP Group and YAGEO, and the Special Committee confirmed that there were no issues with the independence, competence, or track record of Kitahama Partners.
 - (ii) The Target Company received legal advice from Kitahama Partners on the Transactions, which included guidance on measures to be taken to ensure the procedural fairness in the procedures, specific procedures, the Target Company's decision-making methods and processes, and other points to keep in mind for decision-making.
- Measures to avoid influence on Yamada Consulting's share valuation
 - (i) The Special Committee received explanations from Yamada Consulting and Nomura Securities regarding the valuation methods of their respective valuations of Target Company Shares, the reasons they adopted those methods, the details of the calculations by each method, and the key preconditions. The committee did not allow Nomura Securities to be present when it received explanations from and held question-and-answer sessions with Yamada Consulting, thus ensuring that the Special Committee's consideration of the valuation of Target Company Shares maintained independence of the Target Company, and the measures to avoid undue influence from the Target Company were taken.
- Establishment of an independent system for consideration in the Target Company
 - (i) The Special Committee has approved that there are no issues from the viewpoint of independence and fairness with the Target Company's system for consideration (including the scope and duties of the Target Company's officers and employees involved in the consideration, negotiation, and judgment of the YAGEO Transactions and any Counterproposal).
- Conduct of proactive market check
 - (i) To seek out the best possible option from the perspective of enhancing its corporate value and maximizing the common interests of its shareholders, as part of a proactive market check under the Guidelines for Corporate Takeovers, in mid-January 2025, the Target Company, through Nomura Securities, individually approached a total nine operating companies as potential acquirers and requested that they consider the possibility of making the Target Company a wholly owned subsidiary of theirs, and obtained the Offeror's proposal for the Transactions through such market check.
 - (ii) Of the multiple potential acquirers that the Target Company approached through Nomura Securities, only the Offeror submitted a letter of intent regarding its acquisition of the Target Company Shares, but given the time and resource constraints imposed by the announcement that the YAGEO Tender Offer would commence in early May 2025, the maximum possible opportunity

- to make proposals was given to a sufficient number of persons who might be have been interested in acquiring the Target Company.
- (iii) In light of circumstances, including that the Target Company could receive a legally binding proposal from the Offeror other than YAGEO, the market check above can be regarded as having been conducted fairly and effectively while securing the competitive environment.
- Measures to ensure opportunities for other potential acquirers to purchase the Target Company Shares
 - (i) The Target Company and the Offeror reached no agreement that restricts the Target Company's contact with any persons proposing the competing acquisition including YAGEO (the "**Competing Acquisition Offeror**") other than the Offeror, such as an agreement containing a deal protection clause that prohibits the Target Company from contacting the Competing Acquisition Offerors, and the opportunity for the Competing Acquisition Offerors to make a counter tender offer accordingly (including the increase in the YAGEO Tender Offer Price by YAGEO) was not hindered.
 - (ii) The Target Company has not rejected any negotiations regarding the YAGEO Tender Offer Price in relation to the YAGEO Tender Offer.
 - (iii) The period from the day immediately following April 10, 2025, when the Offeror announced its scheduled commencement of the Tender Offer, to May 27, 2025, the end of the Tender Offer Period is 30 Business Days, and the Tender Offer Period has been set at 22 Business Days, which is longer than 20 Business Days, the minimum purchase period under laws and regulations; thus, an opportunity is secured for the Competing Acquisition Offerors to make a counter-tender offer.
 - Measures to ensure an opportunity for the Target Company's shareholders to make an appropriate judgment as to whether or not to tender in the Tender Offer
 - (i) For the scheme of the Squeeze Out Process, (i) after the completion of the settlement of the Tender Offer, depending on the number of the Target Company Shares acquired by the Offeror through the completion of the Tender Offer, the Offeror plans to promptly request the Target Company to hold the Extraordinary Shareholders' Meeting for the following propositions: (a) to make the Demand for Share Cash-Out for all the Target Company Shares (except for those held by the Offeror and treasury shares held by the Target Company,) or (b) to make a partial amendment to the Target Company's articles of incorporation that will abolish the share unit number provisions on the condition that the Share Consolidation is conducted and becomes effective. Thus, any method which fails to secure appraisal rights or price determination rights for the Target Company's shareholders has not been adopted; and (ii) it is clarified that the amount of money to be delivered as consideration to each shareholder of the Target Company in consideration for the Demand for Cash-Out or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each such shareholder (except for the Target Company and the Offeror). Therefore, an opportunity has been secured for the Target Company's shareholders to make an appropriate judgment regarding whether to tender in the Tender Offer, and this means that due consideration is being exercised to ensure there is no coercion.
 - (ii) The period from the day immediately following April 10, 2025 when the Offeror announced its scheduled commencement of the Tender Offer, to May 27, 2025, the end of the Tender Offer Period is 30 Business Days, and the Tender Offer Period has been set at 22 Business Days, which is longer than the minimum purchase period of 20 Business Days under laws and regulations; thus, an opportunity has been secured for the Target Company's shareholders to make an appropriate judgment about tendering in the Tender Offer, thereby ensuring the fairness of the Tender Offer Price.

- Setting of the minimum number of shares to be purchased in the Tender Offer
 - (i) A minimum number of shares to be purchased has been set for the Tender Offer, but that minimum of 7,539,900 shares (shareholding ratio: 50.1%) is not set such that the Offeror will hold two-thirds or more of the total voting rights in the Target Company after the completion of the Tender Offer, thus, it is not a scheme that ensures the implementation of the Squeeze Out Process after the completion of the Tender Offer.
 - (ii) However, (a) in practice, the number of the Target Company Shares required for the approval of the resolution for the Share Consolidation is considered to be equivalent to the ratio (approximately 57%) obtained by multiplying the maximum ratio of voting rights exercised at the Target Company's five most recent annual general shareholders' meetings (approximately 86%) by the ratio of two-thirds of the voting rights required for a special resolution at the general shareholders' meetings, (b) in the 253 of the tender offers for delisting publicly traded companies announced during the period from 2020 through 2024 that were transactions between third parties with no capital ties (excluding 139 transactions in total between parent-subsidiary or equity method affiliate, affiliated company accounted for by the equity-method, and MBOs) and that have been completed, the average ratio of voting rights exercised (provided that the number of votes by the offeror entity and its specially related parties are excluded from the calculation) on a share consolidation resolution (squeeze out resolution) in 43 transactions for which the general shareholders' meetings were held was approximately 37.0% (the median is approximately 41.5%), significantly lower than the turnout rate at typical ordinary shareholders' meetings. There is only one case where the rate exceeds 50.01% when multiplied by the ratio of voting rights required to pass a special resolution at a general meeting of shareholders (two-thirds) (the ratio of voting rights exercised in this case is 78.3%, and when multiplied by two-thirds, it becomes 52.2%). Even though the Offeror fails to acquire the Target Company Shares equivalent to the rate stated in above (a) (approximately 57%) through the Tender Offer, if the Offeror can acquire, through the Tender Offer, the Target Company Shares equivalent to 50.01% , then the resolution for share consolidation very likely will be approved in the extraordinary shareholders' meeting of the Target Company, and (c) the Target Company shares held by the employee stock ownership plan are considered to be substantially owned by the Target Company's employees, who have contributed funds for the acquisition of such shares, and in light of the fact that such employees are employed by the Target Company, it is considered that it would be difficult for such employees to act against the Target Company's decision-making. Furthermore, as stated above, given that the prerequisite for the Tender Offer is that the Board of Directors of the Target Company expresses its opinion in favor of the Tender Offer and that the resolution of the Board of Directors of the Target Company to recommend that the shareholders of the Target Company tender their shares in the Tender Offer is passed, it is considered more likely that members of the employee stock ownership plan would show their understanding of such resolution and the Transaction, and intend to vote in favor of the proposition of Share Consolidation. Therefore, the Offeror has set the minimum number of shares to be purchased in consideration of the fact that the employee stock ownership plan of the Target Company is expected to vote in favor of the proposition of Share Consolidation at the extraordinary shareholders' meeting of the Target Company even after the Tender Offer is completed and the Offeror becomes the new parent company of the Target Company. There are no particular issues to be pointed out regarding the Offeror's understanding in this regard; therefore, the minimum number of shares to be purchased in the Tender Offer is considered to respect the outcome of tendering by the Target Company's minority shareholders in the Tender Offer, indicating that some degree of fairness has been secured and that due consideration is being exercised to ensure there is no coercion.

(5) Whether the Transactions are disadvantageous to the Target Company's minority shareholders

Given that (a) the purposes of the Transactions can be considered reasonable and legitimate as they will contribute to enhancing the Target Company's corporate value, (b) the Tender Offer Price and other transactional terms and conditions for the Transactions are fair and reasonable, and (c) the negotiation process and other procedures leading to the Transactions can be considered fair, the Transactions, including Tender Offer, cannot be considered disadvantageous to the Target Company's minority shareholders. Therefore, the Special Committee believes that the Target Company should pass a resolution expressing an opinion in support of the Tender Offer and recommending that its shareholders tender their shares in the Tender Offer; and that the Transactions will not be disadvantageous to the Target Company's minority shareholders.

b. Consideration of the YAGEO Tender Offer

The YAGEO Tender Offer, like the Tender Offer, aims to make the Target Company its wholly-owned subsidiary, and both transactions are mutually exclusive. The result of comparison and consideration of the details of the YAGEO Transactions and the Transactions suggest that, as stated in "a. Consideration of the Tender Offer" above, the appropriate course of action is to express an opinion in support of the Tender Offer; accordingly, the Special Committee believes that it is appropriate to express an opinion in opposition to the YAGEO Tender Offer, which is mutually exclusive with the Tender Offer, and express another opinion encouraging the Target Company's shareholders not to tender their shares in the YAGEO Tender Offer. Regarding whether the YAGEO Transactions, including the YAGEO Tender Offer, will be disadvantageous to the Target Company's minority shareholders, insofar as the Transactions, which are more advantageous to the Target Company's minority shareholders than the YAGEO Transactions, are being implemented, the YAGEO Transactions can only be regarded as disadvantageous to the Target Company's minority shareholders.

c. Summary

As stated in "a. Consideration of the Tender Offer" above, the Tender Offer can be considered to contribute to enhancing the Target Company's corporate value, its transactional terms and conditions are appropriate, and procedures have been implemented which are fair from the perspective of the interests of all Target Company shareholders, including minority shareholders. Therefore, the Special Committee determined that the Target Company should pass a resolution expressing an opinion in support of the Tender Offer and recommending that its shareholders tender their shares in the Tender Offer; and that the Transactions will not be disadvantageous to the Target Company's minority shareholders.

At the same time, with respect to the YAGEO Tender Offer, which is mutually exclusive with the Tender Offer, for which the Special Committee considers expression of a supportive opinion to be appropriate, the Special Committee believes that it will be appropriate course of action to express an opinion in opposition and express another opinion encouraging the Target Company's shareholders not to tender their shares in the YAGEO Tender Offer, which can only be regarded as disadvantageous to the Target Company's minority shareholders.

(C) Advice from an independent law firm to the Target Company

As stated in "(B) Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer" above, the Target Company appointed Kitahama Partners as its legal advisor independent of the Offeror, the Tendering Shareholders, AP Group, the Target Company, and YAGEO as well as the success or failure of the YAGEO Transactions and the Transactions. The Target Company received legal advice from Kitahama Partners regarding the YAGEO Transactions and the Transactions, which included guidance on measures to be taken to ensure fairness in the

procedures, specific procedures, the Target Company's decision-making approach and processes, and related matters.

Kitahama Partners is not a related party of the Offeror, the Tendering Shareholders, AP Group, the Target Company, or YAGEO, and does not have any material interest in the YAGEO Transactions or the Transactions. The remuneration of Kitahama Partners does not include a contingency fee, contingent upon the completion of the YAGEO Transactions and/or the Transactions, or any other factor. In addition, the Special Committee approved the appointment of Kitahama Partners as the Target Company's legal advisor, having confirmed that there were no issues with its independence or expertise.

(D) Acquisition by the Target Company of a share valuation report from an independent third-party valuation agent

(i) Name of the valuation agent and its relationship with the Target Company, YAGEO and the Offeror

To express its opinion on the YAGEO Tender Offer and the Tender Offer, the Target Company requested that Nomura Securities, as a third-party valuation agent, independent of YAGEO, the Offeror, the Tendering Shareholders, AP Group, and the Target Company, calculate the share value of the Target Company Shares to ensure the fairness of decision-making regarding the YAGEO Tender Offer and the Tender Offer, and obtained the share valuation report from Nomura Securities ("**Share Valuation Report (Nomura Securities)**") dated April 9, 2025.

As stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" above, the Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest. In light of these measures, it is considered that sufficient consideration has been given to the interests of the Target Company's general shareholders. Therefore, the Target Company has not obtained a fairness opinion on the Tender Offer Price from Nomura Securities.

Nomura Securities is not a related party of the Offeror, the Tendering Shareholders, AP Group, the Target Company, or YAGEO. The remuneration of Nomura Securities regarding the YAGEO Transactions (including the YAGEO Tender Offer) and the Transactions includes a contingency fee, contingent upon the completion of the YAGEO Transactions and/or the Transactions, or any other factor. The Target Company, taking into account standard practices in similar transactions and the appropriateness of a fee structure that would impose a considerable financial burden on the Target Company if the YAGEO Transactions and/or the Transactions were not completed, determined that the inclusion of a contingency fee, payable only upon the completion of the YAGEO Transactions and/or the Transactions, does not negate the independence of Nomura Securities. Based on this judgment, the Target Company appointed Nomura Securities as its financial advisor and third-party valuation agent, under the fee structure outlined above.

(ii) Outline of calculation regarding the Target Company Shares

Regarding the YAGEO Tender Offer and the Tender Offer, Nomura Securities examined multiple valuation methods available for calculating the value of the Target Company Shares. Based on the assumption that the Target Company is a going concern, and on the belief that a multifaceted evaluation of the value of Target Company Shares is appropriate, it employed the average market price method, taking into account trends in market stock prices, given that the Target Company is listed on the TSE Standard Market; the comparable company method, since there are several publicly listed companies with businesses similar to the Target Company, allowing for the estimation of the Target Company's share value through comparisons with similar companies; and the DCF method, to reflect the future business activities in the calculation. These methods were used to determine the value of the Target Company Shares.

The Share Valuation Report (Nomura Securities) indicates that the ranges for the share value per share for the Target Company Shares, calculated based on each of the above methods, are as follows.

Average market price method (Reference Date (1))	3,135 yen to 3,279 yen
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Average market price method (Reference Date (2))	3,720 yen to 4,456 yen
Comparable company method	2,008 yen to 3,209 yen
DCF method	3,355 yen to 6,428 yen

With the average market price method, the range of the share value per share for the Target Company Shares is analyzed to be from 3,135 yen to 3,279 yen, based on: with a reference date of February 5, 2025 (the “**Reference Date (1)**”), the day when the Press Release Regarding YAGEO Scheduled Tender Offer was announced, the closing price of the Target Company Shares on the TSE Standard Market on the Reference Date (1) of 3,135 yen, the simple average closing price for the period of five business days immediately preceding the Reference Date (1) of 3,154 yen, the simple average closing price for the period of one month immediately preceding the Reference Date (1) of 3,209 yen, the simple average closing price for the period of three months immediately preceding the Reference Date (1) of 3,247 yen, and the simple average closing price for the period of six months immediately preceding the Reference Date (1) of 3,279 yen; and the range of the share value per share for the Target Company Shares is analyzed to be from 3,720 yen to 4,456 yen, based on: with a reference date of April 9, 2025 (the “**Reference Date (2)**”), the closing price of the Target Company Shares on the TSE Standard Market on the Reference Date (2) of 4,190 yen, the simple average closing price for the period of five business days immediately preceding the Reference Date (2) of 4,263 yen, the simple average closing price for the period of one month immediately preceding the Reference Date (2) of 4,456 yen, the simple average closing price for the period of three months immediately preceding the Reference Date (2) of 4,110 yen, and the simple average closing price for the period of six months immediately preceding the Reference Date (2) of 3,720 yen.

With the comparable company method, the range of the share value per share for the Target Company Shares is analyzed to be from 2,008 yen to 3,209 yen, based on a calculation by comparing the market share prices and financial statements, which indicate profitability, of several publicly listed companies with businesses similar to the Target Company.

With the DCF method, the share value per share for the Target Company Shares is analyzed to be from 3,355 yen to 6,428 yen, by calculating the corporate value and share value of the Target Company by discounting the free cash flow expected to be generated by the Target Company in and after the fiscal year ending March 2026 to its present value at a specific discount rate, based on assumptions from the financial forecasts and investment plan in the Business Plan for the three fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2028, information available to the general public, and other factors. The financial forecasts, used as assumptions for the analysis using the DCF method, are based on the Business Plan, which does not include the fiscal year during which profits are expected to decline substantially, but does include the fiscal year during which the free cash flow is expected to fluctuate drastically. Specifically, in the fiscal year ending March 2025, the free cash flow is expected to decrease significantly by 64.73% compared to the previous fiscal year due to an increase in working capital in line with an increase in sales, as well as an increase in the expenditure on fixed assets associated with the investment in the Target Company’s new building and the Matsukawa factory, and in the fiscal year ending March 2027, as the capital investment in the construction of the Target Company’s new building and a new factory, which was budgeted for the preceding fiscal year, will be completed, the free cash flow is expected to increase significantly by 133.87% compared to the previous fiscal year.

The Business Plan used by Nomura Securities for its analysis, employing the DCF method, does not account for the synergies expected to be realized through the YAGEO Transactions and the Transactions, as it is difficult to estimate them at this time.

(Note) Nomura Securities assumed that public information and all information provided by the Target Company to Nomura Securities were accurate and complete when calculating the value of the Target Company Shares, and has not independently verified the accuracy and completeness of such information. It has not conducted its own valuation, appraisal, or assessment of the assets or liabilities

(including financial derivatives, off-book assets and liabilities and other contingent liabilities) of the Target Company and its affiliated companies, including analysis and valuations of individual assets and liabilities, nor has it requested a third-party agent to conduct such an appraisal or assessment. Additionally, Nomura Securities assumed that the Business Plan was reasonably considered and prepared by the Target Company management, based on the best and sincere forecasts and judgments available at the time of Nomura Securities' calculation. Nomura Securities' calculations reflect information and economic conditions obtained by Nomura Securities as of April 9, 2025. The sole purpose of Nomura Securities' calculation is to serve as a reference for the Target Company's Board of Directors in examining the value of the Target Company Shares.

(E) Acquisition by the Special Committee of a share valuation report from an independent third-party valuation agent

(i) Name of the valuation agent and its relationship with the Target Company, YAGEO and the Offeror

To consider the consultation matters submitted to it, the Special Committee requested YAMADA Consulting, its own financial advisor, as a third-party valuation agent independent of YAGEO, the Offeror, the Tendering Shareholders, AP Group, and the Target Company, to provide a share valuation report on the Target Company Shares, and obtained it from YAMADA Consulting ("**Share Valuation Report (YAMADA Consulting)**") dated April 9, 2025.

As stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" above, the Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest. In light of these measures, it is considered that sufficient consideration has been given to the interests of the Target Company's general shareholders. Therefore, the Special Committee has not obtained a fairness opinion on the Tender Offer Price from YAMADA Consulting. YAMADA Consulting is not a related party of the Target Company, the Tendering Shareholders, AP Group, the Offeror, or YAGEO, in addition, it does not have any material interest in the YAGEO Transactions (including the YAGEO Tender Offer) and the Transactions (including the Tender Offer). The remuneration of YAMADA Consulting regarding the YAGEO Transactions and the Transactions does not include a contingency fee, contingent upon the completion of the YAGEO Transactions and/or the Transactions, or any other factor.

(ii) Outline of calculation regarding the Target Company Shares

Regarding the Tender Offer, YAMADA Consulting examined multiple valuation methods available for calculating the value of the Target Company Shares. Based on the assumption that the Target Company is a going concern, and on the belief that a multifaceted evaluation of the value of Target Company Shares is appropriate, it employed the average market price method, taking into account trends in market stock prices, given that the Target Company is listed on the TSE Standard Market; the comparable company method, since there are several publicly listed companies with businesses similar to the Target Company, allowing for the estimation of the Target Company's share value through comparisons with similar companies; and the DCF method, to reflect the future business activities in the calculation. These methods were used to evaluate the value of the Target Company Shares.

The Share Valuation Report (YAMADA Consulting) indicates that the ranges for the share value per share for the Target Company Shares, calculated based on each of the above methods, are as follows.

Average market price method (Reference Date (1))	3,135 yen to 3,279 yen
Average market price method (Reference Date (2))	3,720 yen to 4,456 yen
Comparable company method	2,943 yen to 3,403 yen
DCF method	3,568 yen to 5,886 yen

With the average market price method, the range of the share value per share for the Target Company Shares is analyzed to be from 3,135 yen to 3,279 yen, based on: with a reference date of the Reference Date (1), the day when the Press Release Regarding YAGEO Scheduled Tender Offer was announced, the closing price of the Target Company Shares on the TSE Standard Market of 3,135 yen, the simple average closing price for the period of one month immediately preceding this date of 3,209 yen, the simple average closing price for the period of three months immediately preceding this date of 3,247 yen, and the simple average closing price for the period of six months immediately preceding this date of 3,279 yen; and the range of the share value per share for the Target Company Shares is analyzed to be from 3,720 yen to 4,456 yen, based on: with a reference date of the Reference Date (2), the closing price of the Target Company Shares on the TSE Standard Market on the Reference Date (2) of 4,190 yen, the simple average closing price for the period of one month immediately preceding the Reference Date (2) of 4,456 yen, the simple average closing price for the period of three months immediately preceding the Reference Date (2) of 4,110 yen, and the simple average closing price for the period of six months immediately preceding the Reference Date (2) of 3,720 yen.

With the comparable company method, the range of the share value per share for the Target Company Shares is analyzed to be from 2,943 yen to 3,403 yen, based on a calculation of the share value of the Target Company Shares by comparing the market share prices and financial statements, which indicate profitability, of listed companies engaged in businesses relatively similar to those of the Target Company.

With the DCF method, the range of the share value per share for the Target Company Shares is analyzed to be from 3,568 yen to 5,886 yen, by calculating the corporate value and share value of the Target Company by discounting the free cash flow expected to be generated by the Target Company in and after the fiscal year ending March 2026 to its present value at a specific discount rate, based on assumptions from the financial forecasts and investment plan in the Business Plan for the three fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2028, information available to the general public, and other factors. The financial forecasts, used as assumptions for the analysis using the DCF method, are based on the Business Plan, which does not include the fiscal year during which profits are expected to decline substantially, but does include the fiscal year during which the free cash flow is expected to fluctuate drastically. Specifically, in the fiscal year ending March 2025, the free cash flow is expected to decrease significantly by 61.1% compared to the previous fiscal year due to an increase in working capital in line with an increase in sales, as well as an increase in capital expenditure associated with the construction of the Target Company's new building and investment in the Matsukawa factory, and in the fiscal year ending March 2027, as the capital investment in the construction of the Target Company's new building and a new factory, which was budgeted for the preceding fiscal year, will be fallen, the free cash flow is expected to increase significantly by 102.1% compared to the previous fiscal year.

The Business Plan used by YAMADA Consulting for its analysis, employing the DCF method, does not account for the synergies expected to be realized through the YAGEO Transactions and the Transactions, as it is difficult to estimate these at this time.

(Note) YAMADA Consulting assumed that public information and all information provided by the Target Company to YAMADA Consulting were accurate and complete when calculating the value of the Target Company Shares, and has not independently verified the accuracy and completeness of such information. It has not conducted its own valuation, appraisal, or assessment of the assets or liabilities (including financial derivatives, off-book assets and liabilities and other contingent liabilities) of the Target Company and its affiliated companies, including analysis and valuations of individual assets and liabilities, nor has it requested a third-party agent to conduct such an appraisal or assessment. Additionally, YAMADA Consulting assumed that the Business Plan was reasonably considered and prepared by the Target Company management, based on the best and sincere forecasts and judgments available at the time of YAMADA Consulting's calculation. YAMADA Consulting's calculations reflect information and economic conditions obtained by YAMADA Consulting as of April 9, 2025.

The sole purpose of YAMADA Consulting's calculation is to serve as a reference for the Target Company's Board of Directors and the Special Committee in examining the value of the Target Company Shares.

(F) Unanimous approval of all of the non-interested directors and the opinion of all of the non-interested auditors of the Target Company

Taking into account the legal advice obtained from Kitahama Partners, the advice from Nomura Securities from the financial perspective, the Share Valuation Report (Nomura Securities), and the Share Valuation Report (YAMADA Consulting) obtained by the Special Committee from YAMADA Consulting, and giving maximum consideration to details of the Report obtained from the Special Committee, the Target Company carefully discussed and examined whether the Transactions, including the Tender Offer by the Offeror, would contribute to enhancing the Target Company's corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate.

As a consequence, as stated in "(B) Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer" above, the Target Company's Board of Directors determined that the Transactions, including the Tender Offer, is expected to enhance the Target Company's corporate value, that the Tender Offer Price is reasonable for the Target Company's shareholders, and that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity to sell their shares. Consequently, at the Target Company's Board of Directors meeting held today, the Target Company resolved that, as the Target Company's opinion at this time, if the Tender Offer is commenced, it will express its opinion of support and recommend that the Target Company's shareholders tender their shares in the Tender Offer.

At the Target Company's Board of Directors meeting above, the resolution above was passed unanimously by all seven directors of the Target Company. In addition, all three corporate auditors of the Target Company (including two outside corporate auditors) expressed their opinion that they had no objection to the resolution.

The Target Company also resolved, at the Target Company's Board of Directors meeting above, that, as the Target Company's opinion at this time, if the YAGEO Tender Offer is commenced, it will express its opposing opinion and will ask the Target Company's shareholders not to tender their shares in response to the YAGEO Tender Offer, since the YAGEO Tender Offer and the Tender Offer, which the Target Company's Board of Directors has resolved to express its support and recommend the shareholders to tender into, are mutually exclusive.

(G) Ensuring opportunities for takeover proposals by other parties to purchase the Target Company Shares (market check)

As stated in "(B) Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer" above, prompted by its receipt of the YAGEO Proposal, the Target Company sought the best possible option from the perspective of enhancing the Target Company's corporate value and maximizing the common interests of shareholders following the Guidelines for Corporate Takeovers. As part of a market check, in mid-January 2025, the Target Company, through Nomura Securities, approached a total of nine operating companies and requested that they submit a letter of intent, thereby ensuring opportunities for parties other than the Offeror to purchase the Target Company Shares. The Tender Offer Price is higher than the YAGEO Tender Offer Price.

(H) Ensuring objective conditions to ensure the fairness of the Tender Offer

The Offeror has set the Tender Offer Period at 22 business days for the case where all the Tender Offer Preconditions are satisfied or waived by the Offeror. The period from the day following April 10, 2025 when

the Offeror announces its scheduled commencement of the Tender Offer to May 27, 2025, the end of the Tender Offer Period, is 30 business days, which is longer than the minimum purchase period under laws and regulations. Thus, the Offeror believes that it can ensure that the Target Company's shareholders have an opportunity to make an appropriate decision whether to tender their shares into the Tender Offer and it can also ensure that persons other than the Offeror have an opportunity to make an appropriate examination whether to make a counter tender offer for the Target Company Shares. Furthermore, the period being counted from February 5, 2025, when YAGEO announced its scheduled commencement of the YAGEO Tender Offer in the Press Release Regarding YAGEO Scheduled Tender Offer to May 27, 2025, the end of the Tender Offer Period, is further longer than the minimum purchase period under laws and regulations. Accordingly, the Offeror also believes that the opportunity for the Target Company's shareholders to decide whether to tender their shares into the Tender Offer after comparing the details of the Tender Offer to those of the YAGEO Tender Offeror, and the same for persons other than the Offeror to examine whether they make a tender offer for the Target Company Shares, is sufficiently ensured.

Additionally, as stated in "(G) Ensuring opportunities for takeover proposals by other parties to purchase the Target Company Shares (market check)," the Offeror has not entered into an agreement that restricts the Target Company's contact with the Competing Acquisition Offerors, such as an agreement containing a transaction protection clause that prohibits the Target Company from contacting the the Competing Acquisition Offerors. Therefore, in addition to the setting of the above Tender Offer Period, by securing opportunities to make a counter tender offer, the Offeror has given full consideration to ensure the fairness of the Tender Offer.

(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)

As the Offeror intends to make the Target Company a wholly owned subsidiary of the Offeror as stated in "(1) Outline of the Tender Offer" above, if all of the Target Company Shares (excluding treasury shares held by the Target Company) cannot be acquired through the Tender Offer, the Offeror plans to implement the Squeeze Out Process after the completion of the Tender Offer.

As stated in "(1) Outline of the Tender Offer" and "(B) MOU" in "(6) Matters concerning material agreements pertaining to the Tender Offer," the Offeror and AP plans to make the ratio of the shares of the Target Company owned by the Offeror and AP Group 95% and 5%, respectively, through the Share Transfer, promptly after the completion of the Squeeze Out Process.

(A) Demand for share cash-out

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

Target Company Share held by each Shareholder Subject to Cash-Out. According to the Press Release Regarding Target Company's Expression of Opinion in Favor of the Tender Offer, if the Target Company receives a notice from the Offeror which includes the Offeror's intention to make the Demand for Share Cash-Out and the matters set forth in each Item of Article 179-2, Paragraph 1 of the Companies Act, the Target Company intends to approve the above-mentioned Demand for Share Cash-Out at a meeting of its Board of Directors.

As a procedure under the Companies Act for the purpose of protecting the rights of minority shareholders in connection with the Demand for Share Cash-Out, Article 179-8 of the Companies Act and other applicable laws and regulations provide that the Shareholders Subject to Cash-Out may file a petition with the court for a determination of the purchase price of the Target Company Shares held by them. In the event that the petition described above is filed, the purchase price of the Target Company Shares concerned will be finally determined by the court.

(B) Share consolidation

If the total number of voting rights owned by the Offeror in the Target Company is less than 90% of the voting rights of all shareholders of the Target Company after the completion of the Tender Offer, the Offeror will, promptly after the completion of the settlement of the Tender Offer, request the Target Company to hold an extraordinary meeting of shareholders of the Target Company (the "**Extraordinary Shareholders' Meeting**") at which the following proposals will be submitted: (i) to conduct a consolidation of the Target Company Shares (the "**Share Consolidation**") in accordance with Article 180 of the Companies Act, and (ii) to make a partial amendment to the Target Company's articles of incorporation that will abolish the share unit number provisions on the condition that the Share Consolidation becomes effective. In addition, the Offeror intends to approve proposals described above at the Extraordinary Shareholders' Meeting. As of today, the Extraordinary Shareholders' Meeting is scheduled to be held between June and July 2025.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. The shareholders of the Target Company will be paid for the fractional shares that they will be allocated as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Target Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Target Company or the Offeror, in accordance with the procedures set forth in Article 235 of the Companies Act and other applicable laws and regulations. The sale price of the Target Company Shares corresponding to the total number of such fractional shares will be calculated so that the amount of cash to be paid to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each such shareholder. After this, the Offeror will ask the Target Company to file a petition with the court for a voluntary sale permission.

Although the ratio of the Share Consolidation has not been determined as of the date hereof, the Offeror intends to request the Target Company to determine the ratio of the Share Consolidation in order to ensure that the number of the Target Company Shares held by the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror and the Target Company) will be fractions less than one share so that only the Offeror will hold all of the Target Company Shares (excluding treasury shares held by the Target Company). According to the Target Company, the Target Company will comply with such request from the Offeror if the Tender Offer is completed.

As a procedure under the Companies Act for the purpose of protecting the rights of minority shareholders in connection with the Share Consolidation, Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations provide that, in the event of the Share Consolidation, if there are any

fractional shares resulting from the Share Consolidation, the shareholders of the Target Company (excluding the Offeror and the Target Company) may demand that the Target Company purchase, at a fair price, all such fractional shares from among the Target Company Shares that they hold and may file a petition with the court for the determination of the price of the Target Company Shares when the prescribed conditions are satisfied.

As stated above, in the Share Consolidation, the number of the Target Company Shares held by each of the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror and the Target Company) is expected to be a fraction less than one share; therefore, the shareholders of the Target Company who oppose the Share Consolidation (excluding the Offeror and the Target Company) will be able to file the above-mentioned petition. In the event that the petition described above is filed, the purchase price of the Target Company Shares concerned will be finally determined by the court.

Please note that the Tender Offer is not in any way intended to solicit votes or support from the shareholders of the Target Company for the proposals in the Extraordinary Shareholders' Meeting.

Regarding the procedures stated in (A) and (B) above, the method and timing of implementation may change depending on relevant matters such as revision and enforcement, and/or interpretation by the authorities, of the relevant laws and regulations. However, even in such case, if the Tender Offer is completed, the Offeror intends to take measures to ultimately pay cash to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror and the Target Company). In such case, the Offeror plans to calculate the amount of cash to be paid to the respective shareholders of the Target Company so that the amount is equal to the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by the respective shareholders of the Target Company.

After the completion of the Tender Offer, the Offeror intends to request the Target Company to discuss with the Offeror about the specific procedures and timing of implementation in each of the above cases, and as soon as they are determined, the Offeror will ask the Target Company to make a prompt announcement.

All shareholders of the Target Company are solely responsible for seeking their own advice from tax specialists with regard to the tax treatment in respect of tendering of their shares in the Tender Offer and any of the above-mentioned procedures.

(5) Prospect and reasons for delisting

As of today, the Target Company Shares are listed on the TSE Standard Market, but since The Offeror has not set a maximum number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Target Company Shares may be delisted through prescribed procedures, following the criteria for delisting established by the TSE.

Even if such criteria are not met at the time of the completion of the Tender Offer, if the Squeeze Out Process set forth in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)” below is implemented after the completion of the Tender Offer, the Target Company Shares will be delisted through the prescribed procedures following the TSE's criteria for delisting. After delisting, the Target Company Shares will no longer be tradable on the TSE.

(6) Matters concerning material agreements pertaining to the Tender Offer

(A) Tender Agreement

The Offeror has entered into a Tender Agreement with each Tendering Shareholder on April 10, 2025, and has agreed that, if the Tender Offer commences, each Tendering Shareholder will tender all of its Tendering Shares (1,325,486 shares, shareholding ratio: 8.79 %) in the Tender Offer and will not withdraw such tender. In addition, the Offeror has agreed to the following in the Tender Agreement with each Tendering Shareholder:

a) The tender in the Tender Offer of the Target Company Shares held by the Tendering Shareholder is subject to the following conditions: (i) the commencement of the Tender Offer, and (ii) the Board of Directors

of the Target Company having passed a resolution expressing its opinion in favor of the Tender Offer and making a public announcement to that effect, and such opinion having been not being changed or withdrawn. (However, in the Tender Agreement (Nihon Kodan), as (ii), it is also a precondition that a resolution to express an opinion recommending the acceptance of the Tender Offer has been passed at a meeting of the Target Company's Board of Directors and announced to that effect, and such opinion has not been changed or withdrawn.)

b) From the date of execution of the Tender Agreement until the Settlement Start Date (as defined in "(3) Tender Offer Price" in "2. Outline of the Tender Offer" below, hereinafter the same), the Tendering Shareholder shall not transfer, create a security interest in or otherwise dispose of its Tendering Shares or enter into any agreement or transaction that is substantively in conflict with the Tender Offer or may make it difficult to execute the Tender Offer, nor make any proposal, solicitation, discussion, negotiation or provision of information regarding such transactions, either directly or through a third party. (However, in the Tender Agreement (Nihon Kodan), this shall not apply if it is judged, based on advice from outside legal experts, that there is a specific risk of breaching the duty of care of a good manager of a director of Nihon Kodan by not making proposals, solicitations, consultations, negotiations or providing information regarding such transactions.)

c) From the date of the Tender Agreement until the Settlement Start Date, the Tendering Shareholder shall not exercise its rights as a shareholder of the Target Company without the prior written consent of the Offeror, including the right to request the convocation of a general meeting of shareholders, the right to propose an agenda item and/or to make a proposal at a general meeting of shareholders.

d) If the Tender Offer is commenced, the Tendering Shareholder shall, in relation to the exercise of any of its rights, including the voting rights attached to the Tendering Shares exercisable at any general meeting of shareholders of the Target Company to be held with a record date prior to the Settlement Start Date, (i) grant comprehensive proxy authority to the Offeror or a person designated by the Offeror, or (ii) exercise such voting rights in accordance with the instructions of the Offeror, and in the case of (i), the Tendering Shareholder shall affix its name and seal to a power of attorney granting such comprehensive proxy and deliver such power of attorney to the Offeror by the date reasonably designated by the Offeror, and the Tendering Shareholder shall not revoke such grant of proxy in any case, and in the case of (ii), take the necessary measures to ensure that the intentions of the Offeror are properly reflected.

e) The Tender Agreement provides, (I) as the reasons for termination, (i) the case that the Tender Offer is withdrawn after the commencement of the Tender Offer, (ii) the case that the Tender Offer is unsuccessful, (iii) the case that the Tendering Shareholder and the Offeror agree in writing to terminate the Tender Agreement, and (iv) the case that the Tender Agreement is terminated based on (II) below. The Tender Agreement provides, (II) as the reasons for termination prior to the commencement of the Tender Offer, (i) the case that it is found that the other party is in material breach of its representations and warranties under the Tender Agreement or is in material breach of its obligations under the Tender Agreement and such breach is not remedied despite written notice to the other party, (ii) the case that the Tender Offer is not commenced by April 23, 2025 due to reasons beyond the control of the contracting parties, and (iii) the case that bankruptcy proceedings or private liquidation are commenced or a petition for such proceedings is filed against the counterparty.

(B) MOU (AP)

The Offeror has entered into a MOU with AA dated April 10 2025, and with the aim of enabling AP Group to participate in the Target Company as a capital partner by having AP Group bear part of the purchase funds for the Tender Offer and Squeeze Out Process, under which the Offeror has confirmed that, promptly after the Target Company becomes a wholly-owned subsidiary of the Offeror, AP intends to acquire 5% of the Target Company Shares held by the Offeror at the same price as the Tender Offer Price (and that AP intends to actively consider investing and participating in the capital increase). In addition, it has been agreed that,

after two years have passed since the transfer, AP Group will have the right to sell all of the Target Company Shares it holds to the Offeror (put option) and the Offeror will have the right to purchase all of the Target Company Shares held by AP Group (call option).

2. Outline of the Tender Offer

(1) Outline of the Target Company

(A)	Name	SHIBAURA ELECTRONICS CO., LTD.	
(B)	Address	2-1-24 Kamiochiai, Chuo-ku, Saitama City, Saitama	
(C)	Title and Name of Representative	Akira Kasai, President and Representative Director	
(D)	Description of Business	Manufacture and sale of thermistor and temperature sensors, humidity sensors, and anemometers, etc.	
(E)	Capital	2,144.61 million yen	
(F)	Date of Establishment	March 3, 1953	
(G)	Major Shareholders and Shareholding Ratios (as of September 30, 2024) (Note)	Custody Bank of Japan, Ltd. (trust account)	12.3%
		The Master Trust Bank of Japan, Ltd. (trust account)	6.1%
		Meiji Yasuda Life Insurance Company	5.4%
		BBH FOR FIDELITY LOW-PRICED STOCKFUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing Proxy: MUFG Bank, Ltd.)	4.8%
		Saitama Resona Bank, Limited	4.6%
		MUFG Bank, Ltd.	2.8%
		NISSEI ELECTRIC CO., LTD.	2.2%
		BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	2.1%
		SBI SECURITIES Co., Ltd.	2.1%
		MSIP CLIENT SECURITIES (Standing Proxy: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	1.8%
(H)	Relationship between the Offeror and the Target Company		
	Capital Relationship	Not applicable	
	Personnel Relationship	Not applicable	
	Business Relationship	The Target Company has a transactional relationship with the Offeror Group in terms of sales of the Target Company’s products and procurement of parts.	
	Status as Related Party	Not applicable	

(Note) This information is quoted from “(5) Status of Major Shareholders” in “1 Status of Share Certificates, etc.” in “3 Status of the Submitting Company” in the Semi-Annual Report for the 67th term filed by the Target Company on November 14, 2024.

(2) Schedule, etc.

The Offeror plans to promptly commence the Tender Offer if all the Tender Offer Preconditions are satisfied or waived by the Offeror.

As of today, the Offeror plans to set the Tender Offer Period from April 23, 2025 to May 27, 2025 (22 Business Days). The period from the day following April 10, 2025 when the Offeror announces its scheduled commencement of the Tender Offer to May 27, 2025, the end of the Tender Offer Period, is 30 business days, which is longer than the minimum purchase period under laws and regulations of 20 business days. Thus, the Offeror believes that it can ensure that the Target Company's shareholders have an opportunity to make an appropriate decision whether to tender their shares into the Tender Offer and it can also ensure that persons other than the Offeror have an opportunity to make an appropriate examination whether to make a counter tender offer for the Target Company Shares. Furthermore, the period being counted from February 5, 2025, when YAGEO announced its scheduled commencement of the YAGEO Tender Offer in the Press Release Regarding YAGEO Scheduled Tender Offer to May 27, 2025, the end of the Tender Offer Period, is further longer than the minimum purchase period under laws and regulations. Accordingly, the Offeror also believes that the opportunity for the Target Company's shareholders to decide whether to tender their shares into the Tender Offer after comparing the details of the Tender Offer to those of the YAGEO Tender Offeror, and the same for persons other than the Offeror to examine whether they make a tender offer for the Target Company Shares, is sufficiently ensured.

(3) Tender Offer Price

The Tender Offer Price is expected to be 4,500 yen per share of the Target Company Shares.

However, the Tender Offer Price will be determined on the assumption that (I) no event has occurred that would permit the withdrawal of the Tender Offer as set forth in the proviso of Article 27-11, Paragraph 1 of the Act, and (II) excluding the case where a decision is made to pay a dividend of 150 yen per share as the year-end dividend for the fiscal year ending March 2025, no decision has been made by the Target Company's body that determines the execution of its business affairs regarding the distribution of surplus with a reference date prior to the start date of settlement for the Tender Offer (the "**Settlement Start Date**") or the acquisition of treasury shares with an acquisition date prior to the Tender Offer Start Date. In the event of any event different from the assumptions in (I) or (II) above, the Offeror may review the Tender Offer Price based on an amount equivalent to the per share impact of such event on the Target Company Shares, and if the Offeror decides to review the Tender Offer Price, it will conduct such review by the time of commencement of the Tender Offer.

In addition, among the grounds on which withdrawal of the tender offer is permitted under the proviso of Article 27-11, Paragraph 1 of the Act, "matters equivalent to the matters listed in sub-items (a) through (s) above" as set forth in Article 14, Paragraph 1, Item (i), sub-item (t) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended) (the "**Order**") means (x) the case where the body that determines the execution of the Target Company's business affairs determines (a) to make a distribution of surplus with a reference date prior to the Settlement Start Date (excluding any distribution of surplus expected to be less than an amount equivalent to 10% of the book value of the net assets on the non-consolidated balance sheet of the Target Company as of the end of the most recent fiscal year (1,635 million yen)), or (b) to pay a dividend of surplus with a reference date prior to the Settlement Start Date without indicating a specific amount of surplus, where there is a possibility that such amount will be larger than an amount equivalent to 10% of the book value of the net assets on the non-consolidated balance sheet of the Target Company as of the last day of the most recent fiscal year (1,635 million yen), and (y) the case where the body that determines the execution of the Target Company's business affairs determines (a) to acquire treasury shares (excluding any case where the amount of cash or other assets provided in exchange for acquiring the shares is expected to be less than an amount equivalent to 10% of the book value of the net assets on the non-consolidated balance sheet of the Target Company as of the end of the most recent fiscal year (1,635

million yen)), or (b) to submit a proposal for the acquisition of treasury shares to a general meeting of shareholders of the Target Company. In addition, “facts similar to the facts listed in sub-items (a) through (i)” as set forth in Article 14, Paragraph 1, Item (iii), sub-item (j) of the Act means (x) the case where it is found that, with respect to statutory disclosure documents filed by the Target Company in the past, there are false statements with respect to material matters, or material matters that should be stated are lacking or (y) the case where any of the facts listed in sub-items (a) through (g) of the same item occurs in a material subsidiary of the Target Company.

(4) Basis of valuation of price for the Tender Offer

(A) Basis of valuation

In determining the Tender Offer Price, the Offeror requested that Daiwa Securities, its financial adviser, as a third-party valuation agent independent of the Offeror, AP Group, the Tendering Shareholders, the Target Company and YAGEO, calculate the share value of the Target Company Shares.

Daiwa Securities considered multiple share valuation methods for calculating the value of the Target Company Shares. Based on the assumption that the Target Company is a going concern, and on the belief that a multifaceted evaluation of the value of the Target Company Shares is appropriate, Daiwa Securities calculated the value of the Target Company Shares by adopting the market price method, taking into account trends in market stock prices of the Target Company Shares; the comparable company analysis method, since there are several publicly listed companies comparable with the Target Company, allowing for the estimation of the share value of the Target Company Shares through comparisons with similar companies; and the DCF method, to reflect the future business activities in the calculation. The Offeror acquired the Share Valuation Report (Daiwa Securities) from Daiwa Securities on April 9, 2025. Daiwa Securities is not a related party of the Offeror, AP Group, the Tendering Shareholders, the Target Company or YAGEO, and does not have any material interest in the Tender Offer. In light of other measures taken in the Transactions to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Offeror believes that sufficient consideration has been given to the interests of the Target Company’s minority shareholders, and has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from Daiwa Securities.

The calculation results of the share value per share for the Target Company Shares by Daiwa Securities are as follows.

Market price method (based on February 5, 2025)	3,135 yen to 3,279 yen
Market price method (based on April 9, 2025)	3,720 yen to 4,456 yen
Comparable company analysis method	2,857 yen to 3,877 yen
DCF method	4,116 yen to 6,300 yen

With the market price method, the range of the share value per share for the Target Company Shares is analyzed to be from 3,135 yen to 3,279 yen, based on, with a reference date of February 5, 2025, the date on which the Press Release Regarding YAGEO Scheduled Tender Offer was published: the closing price of the Target Company Shares on the TSE Standard Market on the reference date of 3,135 yen; the simple average closing price for the preceding one-month period of 3,209 yen; the simple average closing price for the preceding three-month period of 3,247yen; and the simple average closing price for the preceding six-month period of 3,279 yen. The range of the share value per share for the Target Company Shares is analyzed to be from 3,720 yen to 4,456 yen, based on, with a reference date of April 9, 2025, the business day immediately preceding the announcement date of the Tender Offer: the closing price of the Target Company Shares on the TSE Standard Market on the reference date of 4,190 yen; the simple average closing price for the preceding one-month period of 4,456 yen; the simple average closing price for the preceding three-month period of 4,110 yen; and the simple average closing price for the preceding six-month period of 3,720 yen.

With the comparable company analysis method, the range of the share value per share for the Target Company Shares is analyzed to be from 2,857 yen to 3,877 yen, based on a calculation of the share value of

the Target Company Shares by comparing the market share prices and financial indicators, which indicate profitability, of listed companies engaged in businesses relatively similar to those of the Target Company.

With the DCF method, the range of the share value per share for the Target Company Shares is analyzed to be from 4,116 yen to 6,300 yen, by calculating the corporate value and share value of the Target Company by discounting the free cash flow expected to be generated by the Target Company in and after the fiscal year ending March 2026 to its present value at a certain discount rate, based on the business plan of the Target Company for the three fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2028, estimated by the Offeror based on its knowledge of the Target Company's business and taking into consideration various factors including the Target Company's recent business performance trends, information available to the general public, the results of due diligence conducted by the Offeror on the Target Company, and synergies expected to be realized from the implementation of the Transactions. The Business Plan used by Daiwa Securities for its analysis by the DCF method does not take into account the synergies expected to be realized through the Transactions as it is difficult to provide a specific estimate of the economic benefits of such synergies at this time.

The Offeror, while taking into consideration the calculation details and results stated in the Share Valuation Report (Daiwa Securities) and comprehensively considering the factors such as the purchase price in the YAGEO Tender Offer and trends in the market price of the Target Company Shares, determined that it was reasonable to offer a price with an appropriate premium to the market price of the Target Company Shares, and has ultimately decided to set the Tender Offer Price at 4,500 yen per share on April 10, 2025. The Offeror believes that the Tender Offer Price is reasonable, comprehensively considering the fact that the Tender Offer Price falls within the range of the calculation results based on the DCF method in the Share Valuation Report (Daiwa Securities) and the synergies expected from the implementation of the Transactions, and that it is in the best interests of the Offeror's shareholders to implement the Transactions at the Tender Offer Price.

The Tender Offer Price of 4,500 yen per share is the price at which a premium has been added of 43.54% against the closing price of 3,135 yen of the Target Company Shares on the TSE Standard Market on February 5, 2025, immediately preceding the announcement of the Press Release Regarding YAGEO Scheduled Tender Offer, 40.23% against the simple average closing price of 3,209 yen for the preceding one-month period, 38.59% against the simple average closing price of 3,247 yen for the preceding three-month period, and 37.24% against the simple average closing price of 3,279 yen for the preceding six-month period. In addition, it is the price at which a premium has been added of 7.40% against the closing price of 4,190 yen of the Target Company Shares on the TSE Standard Market on April 9, 2025, the business day immediately preceding the announcement date of the Tender Offer, 0.99% against the simple average closing price of 4,456 yen for the preceding one-month period, 9.49% against the simple average closing price of 4,110 yen for the preceding three-month period, and 20.97% against the simple average closing price of 3,720 yen for the preceding six-month period.

(Note) Daiwa Securities assumed that public information and all information provided by the Target Company is accurate and complete when calculating the value of the Target Company Shares, and has not independently verified the accuracy and completeness of such information. It has not conducted its own valuation, appraisal, or assessment of the assets or liabilities (including financial derivatives, off-book assets and liabilities and other contingent liabilities) of the Target Company and its affiliated companies, including analysis and valuations of individual assets and liabilities, nor has it requested any third-party agent to conduct such an appraisal or assessment. It has assumed that the Business Plan has been reasonably considered and prepared by the management of the Target Company and is based on the best and sincere forecasts and judgments available at the time the calculations of the value of the Target Company Shares were made. The sole purpose of the calculation by Daiwa Securities is to serve as a reference for the Target Company's Board of Directors to consider the value of the Target Company Shares.

(B) Background of valuation

(i) Relationship with valuation agent

In determining the Tender Offer Price, the Offeror requested that Daiwa Securities, its financial adviser, calculate the share value of the Target Company Shares and acquired the Share Valuation Report (Daiwa Securities) from Daiwa Securities on April 9, 2025. Daiwa Securities is not a related party of the Offeror, AP Group, the Tendering Shareholders, the Target Company or YAGEO, and does not have any material interest in the Tender Offer. The Offeror has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion).

(ii) Outline of the opinion of Daiwa Securities

According to the Share Valuation Report (Daiwa Securities), the adopted methods and the ranges of the share value per share for the Target Company Shares calculated by such methods are as follows.

Market price method (as of February 5, 2025)	3,135 yen to 3,279 yen
Market price method (as of April 9, 2025)	3,720 yen to 4,456 yen
Comparable company analysis method	2,857 yen to 3,877 yen
DCF method	4,116 yen to 6,300 yen

(iii) Background of the decision on the Tender Offer Price upon consideration of the opinion of Daiwa Securities

In determining the Tender Offer Price, the Offeror, while taking into consideration the calculation details and results stated in the Share Valuation Report (Daiwa Securities) and comprehensively considering factors such as the purchase price in the YAGEO Tender Offer and trends in the market share price of the Target Company Shares, determined that it was reasonable to offer a price with an appropriate premium to the market price of the Target Company Shares, and has ultimately decided to set the Tender Offer Price at 4,500 yen per share on April 10, 2025.

(5) Number of share certificates, etc. to be purchased in the Tender Offer

Number of shares to be purchased in the Tender Offer	Minimum number of shares to be purchased in the Tender Offer	Maximum number of shares to be purchased in the Tender Offer
15,015,111 (shares)	7,539,900 (shares)	- (share)

(Note 1) If the total number of Tendered Shares is less than the minimum number of shares to be purchased in the Tender Offer, the Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is equal to or more than the minimum number of shares to be purchased in the Tender Offer, the Offeror will purchase all of the Tendered Shares.

(Note 2) Since no maximum number of shares to be purchased in the Tender Offer has been set under the Tender Offer, the number of shares to be purchased in the Tender Offer above is the maximum number of shares to be acquired by the Offeror through the Tender Offer. Such maximum number is the number of issued shares of the Target Company as of December 31, 2024 as stated in the Summary of Target Company Financial Results (15,559,730 shares), less the number of (i) treasury shares held by Target Company as of that date as stated in the Summary of Target Company Financial Results (483,047 shares) (including 169,050 shares of the Target Company Shares held by BIP Trust (based on a report by the Target Company) as of the same date), (ii) the restricted shares (17,262 shares) granted to the Directors of the Target Company and (iii) the restricted shares (44,310 shares) held by the Target Company's Employee Stock Ownership Plan.

(Note 3) Shares less than one unit are also subject to the Tender Offer. If a right to demand the purchase of shares less than one unit is exercised by a shareholder of the Target Company in accordance with the

Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under applicable laws and regulations.

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

(6) Changes in ownership ratio of share certificates, etc. through the Tender Offer

Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.00%)
Number of voting rights represented by share certificates, etc. held by specially related parties before the Tender Offer	14,244 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 9.45%)
Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer	150,151 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 99.59%)
Number of voting rights represented by share certificates, etc. held by specially related parties after the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 0.00%)
Number of voting rights of all shareholders, etc. of the Target Company	150,863 voting rights	

(Note 1) The “Number of voting rights represented by share certificates, etc. held by specially related parties before the Tender Offer” and the “Number of voting rights represented by share certificates, etc. held by the specially related parties after the Tender Offer” represent the total of the number of share certificates, etc. held by each specially related party (excluding, however, those specially related parties who are excluded pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Ordinance on the Disclosure of Tender Offers for Share Certificates, etc. by Persons Other than the Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended, the “**Cabinet Ordinance**”) in calculating the ownership ratio of share certificates, etc. pursuant to the provisions of Article 27, Paragraph 2, Item 1 of the Act.); provided, however, that, since shares certificates, etc. held by each of the specially related parties are also subject to the Tender Offer, the “Number of voting rights represented by share certificates, etc. held by specially related parties after the Tender Offer” is zero. Note that going forward, the Offeror plans to check the status of the share certificates, etc. of the Target Company held by the specially related parties, and in the event corrections are necessary, will disclose those figures after the corrections have been made.

(Note 2) The “Number of voting rights of all shareholders, etc. of the Target Company” is the number of voting rights of all shareholders, etc. as of November 14, 2024 as stated in the Semi-Annual Report for the 67th term filed by the Target Company on September 30, 2024 (with the number of shares of one unit being 100). However, since shares less than one unit (excluding the treasury shares less than one unit held by the Target Company) are subject to the Tender Offer, when calculating the “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer,” the number of voting rights (150,766 voting rights) represented by the number of shares (15,076,683 shares), which is the number of issued shares of the Target Company as of December 31, 2024 as stated in the Summary of Target Company Financial Results (15,559,730 shares), less the number of treasury shares held by the Target Company as of that date as stated in the Summary of Target Company Financial Results (483,047 shares), is used as a denominator.

(Note 3) “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” have been rounded to two decimal places.

(7) Purchase price

67,567,999,500 yen

(Note) The “purchase price” is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (15,015,111 shares) by the Tender Offer Price (4,500 yen). If the actual number of shares to be purchased in the Tender Offer varies due to any fluctuations or any other factors after today, the purchase price may change.

(8) Other conditions and methods of purchase

“Method of settlement”, “date of public notice for commencement of tender offer” and “other conditions and methods of the purchase” will be announced as soon as they are determined. In addition, the tender offer agent will be Daiwa Securities.

3. Policies, etc. following the Tender Offer, and future outlook

For policies, etc. following the Tender Offer, please see “(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer,” “(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)” and “(5) Prospect of delisting and reasons for delisting” in “1. Purpose of Tender Offer” above.

4. Others

(1) Agreements between the Offeror and the Target Company or its directors and details of those agreements

According to the Target Company, the Target Company passed a resolution at the Target Company’s Board of Directors meeting held on April 10, 2025 to the effect that, as the current opinion of the Target Company, if the Tender Offer is commenced, the Target Company will issue an opinion declaring its support for the Tender Offer and will recommend that the Target Company’s shareholders accept the Tender Offer.

For details of the above decision-making process of the Target Company, see the Press Release Regarding Target Company’s Expression of Opinion in Favor of the Tender Offer and “(B) Decision-making process and reasons that led to the Target Company’s support for the Tender Offer” in “(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer” in “1. Purpose of Tender Offer.”

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[Soliciting Regulations]

This press release is an announcement for the purpose of announcing the Tender Offer to the general public and is not prepared for the purpose of solicitation of selling. If a shareholder tenders his/her shares for selling, the shareholder is required to tender on his/her own judgment after carefully reading the tender offer explanatory statement concerning the Tender Offer. This press release and the reference materials hereof are not, and do not constitute any part of, an offer or solicitation of selling, or a solicitation of purchase offer, of securities. This press release (or any part of it) or the fact of its distribution does not constitute a basis for any agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

[Regulations of the United States]

The Tender Offer is to be conducted in compliance with the procedures and information disclosure standards prescribed in Japanese law. Such procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; the same applies hereinafter), and the regulations prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this press release and the reference materials hereof have been prepared in accordance with Japanese accounting standards, not U.S. accounting standards, and such accounting standards may substantively vary from the general accounting regulations of other countries including the United States. Moreover, as the Offeror and the Target Company are corporations incorporated outside of the United States and all or some of their officers are non-U.S. residents, it may be difficult to enforce any rights or claims that may be asserted on the ground of U.S. securities-related laws. In addition, it may not be possible to commence legal actions against a non-U.S. company or individual in a non-U.S. court on the ground of a violation of the U.S. securities-related laws. Furthermore, a corporation or individual outside the United States and the subsidiaries and affiliates of such corporation (the “Affiliates”) may not necessarily be compelled to submit to the jurisdiction of U.S. courts.

The Offeror, the financial advisors of the Offeror and the Target Company and the tender offer agent (including their respective Affiliates) might, before the commencement of the Tender Offer or during the Tender Offer Period, purchase by means other than the Tender Offer or conduct an act aimed at a purchase of the shares the Target Company on its own account or the account of its client, in addition to their ordinary business, to the extent permitted by Japanese laws related to financial instruments transactions or any other applicable laws and regulations and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. Such purchase could be carried out at the market price through market transactions or a price determined through negotiation outside the market. If information regarding such a purchase is disclosed in Japan, such information will also be disclosed in a similar way in the United States.

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

This press release and the reference materials hereof contain “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the contents expressly or implicitly indicated in such forward-looking statements. Neither the Offeror, Target Company nor any of their respective Affiliates gives any assurance that the results expressly or implicitly indicated in any “forward-looking statements” will be achieved. The “forward-looking statements” in this press release and the reference materials hereof have been prepared based on the information held by the Offeror as of the announcement date of this press release, and unless otherwise required by applicable laws and regulations or rules of a financial instruments exchange, neither the Offeror, the Target Company nor any of their

respective Affiliates is obliged to update or modify such statements in order to reflect any events or circumstances in the future.

[Other Countries]

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted under the laws thereof. The announcement, issue or distribution of this press release does not constitute any solicitation of an offer for selling, etc., or offer for purchase, etc., of share certificates concerning the Tender Offer, and is deemed to be the distribution of materials merely for information.

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