

Pre-Disclosure Document for the Share Consolidation

(Document set out in Article 182-2, Paragraph 1 of the Companies Act and Article 33-9 of the Regulations for Enforcement of the Companies Act)

TENMA CORPORATION

July 4, 2025

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TENMA CORPORATION
1-63-6 Akabane, Kita-ku, Tokyo
Hirohiko Hirono,
President and Representative Director

Matters to be Disclosed in Advance regarding the Share Consolidation

The Company resolved at its board of directors meeting held on June 13, 2025 to submit a proposal at an extraordinary shareholders' meeting of the Company to be held on July 23, 2025 (the "Extraordinary Shareholders' Meeting") to carry out a share consolidation (the "Share Consolidation") for the common shares of the Company (the "Company Shares").

The matters regarding the Share Consolidation listed in Article 182-2, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the same shall apply hereinafter) and Article 33-9 of the Regulations for Enforcement of the Companies Act (Ministry of Justice Order No. 12 of 2006, as amended; the same shall apply hereinafter) are stated below.

1. Matters Listed in Each Item of Article 180, Paragraph 2 of the Companies Act
 - (1) Ratio of Consolidation
3,904,307 shares of the Company Shares will be consolidated to one share.
 - (2) Date on which the Share Consolidation Takes Effect (the "Effective Date")
August 20, 2025
 - (3) Total Number of Issuable Shares on the Effective Date
20 shares
2. Matters Concerning the Appropriateness of the Provisions on the Matters Listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act

The ratio of consolidation in the Share Consolidation will be the ratio by which 3,904,307 shares of the Company Shares will be consolidated to one share. The Company considers the ratio of consolidation in the Share Consolidation to be appropriate because: (i) as stated in "(1) Purpose of and Reasons for Implementing the Share Consolidation" below, the Share Consolidation will be implemented for the purpose of ultimately making FHL Holdings Inc. (the "Tender Offeror") and the Shareholders Agreeing Not to Tender Shares (as defined below) the only shareholders of the Company; (ii) the implemented tender offer, as part of the Transactions (as defined in "(1) Purpose of and Reasons for Implementing the Share Consolidation" below) through the process stated in "(1) Purpose of and Reasons for Implementing the Share Consolidation" below (the "Tender Offer"), was successfully completed; and (iii) for the reasons stated in each of the following.

- (1) Purpose of and Reasons for Implementing the Share Consolidation

As stated in the "Notice regarding Implementing of MBO and Recommendation to Tender Shares" (the "Opinion Press Release") released on March 14, 2025, the Tender Offeror has decided to implement the Tender Offer as

part of the transactions for the purposes of (i) acquiring all of the Company Shares (excluding the Company Shares held by the Tender Offeror, the treasury shares held by the Company, and the Company Shares for which it has been agreed by Mr. Hiroshi Kaneda (“Mr. Hiroshi Kaneda”) (shares owned: 300,771 shares; Ownership Ratio (Note 1): 1.49%), Mr. Yasuichi Kaneda, who is the sixth largest shareholder of the Company (as of September 30, 2024; the same shall apply hereinafter with respect to the order of largest shareholders (Note 2)) and who had served as the Company’s chairman of the board and representative director from June 2014 to June 2020 and is the father of Mr. Hiroshi Kaneda (“Mr. Yasuichi Kaneda”) (shares owned: 840,716 shares; Ownership Ratio: 4.17%), Kaneda Kosan Corporation (“Kaneda Kosan”) (shares owned: 2,924,120 shares; Ownership Ratio: 14.49%), and BK Finance Ltd. (“BK Finance”), an asset management company of Mr. Hiroshi Kaneda and Mr. Yasuichi Kaneda for which Mr. Yasuichi Kaneda serves as the representative director (shares owned: 220,700 shares; Ownership Ratio: 1.09%) will not be tendered in the Tender Offer (collectively, 3,904,307 shares (Ownership Ratio: 19.34%) (the “Shares Agreed Not to Be Tendered”); Kaneda Kosan, BK Finance, Mr. Hiroshi Kaneda, and Mr. Yasuichi Kaneda are collectively referred to as the “Shareholders Agreeing Not to Tender Shares”), and (ii) privatizing the Target Company Shares (the “Transactions”).

(Note 1) “Ownership Ratio” means the ratio (rounded off to the second decimal place; hereinafter the same shall apply to the calculation of the Ownership Ratio) of the number of shares held by a relevant shareholder out of the number of shares (20,182,597 shares) calculated by subtracting the number of the treasury shares owned by the Company as of March 31, 2025 (2,130,429 shares; the number of such treasury shares does not include the 237,504 shares of the Company Shares (Ownership Ratio: 1.18%) owned by Sumitomo Mitsui Trust Bank, Limited as trust assets for the stock delivery trust for officers under the stock compensation plan for employees and officers of the Company or the 13,000 shares of the Company Shares (Ownership Ratio: 0.06%) owned by Sumitomo Mitsui Trust Bank, Limited as trust assets for the stock delivery trust for employees under the stock compensation plan) from the total number of issued shares of the Company as of March 31, 2025 (22,313,026 shares) set forth in the “Financial Statement for the Fiscal Year Ending March 2025 (Japanese GAAP) (consolidated)” as disclosed by the Company on May 9, 2025.

(Note 2) As stated in“(5) State of Major Shareholders” of “1. State of Shares, etc.” of “III. State of Filing Company” of “Part I. Corporate Information” of the Semi-annual Report for the 77th Fiscal Year filed by the Company on November 8, 2024 (the “Company’s Semi-Annual Report”), a statement of large-volume holdings (statement of changes) was filed with respect to the Company Shares by Dalton Investments, Inc. (“Dalton Investments”); however, as the Company was unable to confirm the number of shares actually held by Dalton Investments as of September 30, 2024, the order of largest shareholders in the explanation for this document, excluding Dalton Investments, is based on the order of percentage of shares held as stated in the “Percentage of Number of Shares Held to Total Number of Issued Shares (Excluding Treasury Shares)” of “(5) State of Major Shareholders” of “1. State of Shares, etc.” of “III. State of Filing Company” of “Part I. Corporate Information” of the Company’s Semi-Annual Report. As reported by Dalton Investments, the number of shares held thereby as of March 14, 2025, the announcement date of the Tender Offer, is 3,699,700 shares (Ownership Ratio: 18.33%).

As stated in the “Notice Regarding Results of the Tender Offer for the Company Shares by FHL Holdings Inc. and Changes in the Parent Company and the Largest Shareholder that is a Major Shareholder” released by the Company on April 29, 2025 (the “Tender Offer Result Press Release”), the Tender Offeror carried out the Tender Offer from March 17, 2025 to April 28, 2025, and as a result, as of May 9, 2025 (the day of the commencement of the settlement of the Tender Offer), the Tender Offeror now holds 12,996,444 shares of the Company Shares.

The Tender Offeror is a stock company (*kabushiki kaisha*) established on August 27, 2018, and as of today, it is

principally engaged in the investment business and is the asset management company of the Company's founding family who primarily owns the Company Shares. As of today, Mr. Hiroshi Kaneda, who is a director and a founding family member of the Company, and Ms. Soo Jung Lee, Mr. Hiroshi Kaneda's spouse ("Ms. Soo Jung Lee"), serve as the representative director, and Mr. Hiroshi Kaneda and Ms. Soo Jung Lee own all of the issued shares of the Tender Offeror. As of March 14, 2025, the announcement date of the Tender Offer, the Tender Offeror is a major shareholder and the second largest shareholder of the Company, holding 2,786,000 shares of the Company Shares (Ownership Ratio: 13.80%) listed on the Prime Market of the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange"). In addition, Kaneda Kosan, which is wholly owned by the Tender Offeror and whose representative director is Mr. Hiroshi Kaneda, is a major shareholder of the Company, holding 2,924,120 shares of the Company Shares (Ownership Ratio: 14.49%), and Mr. Hiroshi Kaneda holds 300,771 shares of the Company Shares (Ownership Ratio: 1.49%).

As announced in the Opinion Press Release, the Company was established in August 1949 by its founders, Mr. Tadao Kaneda (great-uncle of Mr. Hiroshi Kaneda) and Mr. Yasuhiko Kaneda (grandfather of Mr. Hiroshi Kaneda), under the name Taiyo Shoji Company, Ltd. in order to engage in the manufacturing and sale of daily necessities and rubber footwear. In July 1954, aiming to specialize in the plastics industry, which was rapidly developing in Europe and the United States, the Company changed its name to Tenma Synthetic Resin Ltd. Subsequently, the Company changed its name to TENMA CORPORATION in April 1987 and was listed on the Second Section of the Tokyo Stock Exchange in August 1988 and on the First Section of the Tokyo Stock Exchange in April 1991. As of today, the Company is listed on the Prime Market of the Tokyo Stock Exchange following the restructuring of the Tokyo Stock Exchange's market divisions in April 2022.

As of today, the corporate group consisting of the Company and its 16 subsidiaries and 2 affiliated companies (the "Company Group") is principally engaged in businesses related to the manufacturing and sale of houseware synthetic resin products (storage products, kitchen utensils, cleaning products, gardening products, bath products, laundry products, etc.) and industrial synthetic resin products (OA (Note 3), electronic equipment parts, home appliance parts, automobile exterior and interior parts, housing components, various containers, media cases, etc.).

Based on its purpose, "Delivering essential life values for people," the Company Group has been improving the manufacturing business by placing the utmost importance on the feelings and emotions that it incorporates into its products and services and consideration for customers to make people's lives better. In order to continue to provide products and services with a passion to enrich people's lives, the Company Group stated in its medium-term management plan, which was announced on May 24, 2024 in the press release titled "Announcement concerning Formulation of the Fourth Medium-term Management Plan" (the "Medium-term Management Plan"), that it aims to increase enterprise value by implementing the following three main measures: (a) Promotion of various measures for "materiality" (important issues to be addressed with priority) identified by the Company, including realization of a circular economy, success of a wide variety of human resources, and creation of new value(Note 4); (b) Change in business portfolio (Note 5); and (c) Reconstruction of unprofitable business domain (Note 6) under the basic policy of "Increasing enterprise value by promoting sustainable management."

On the other hand, it is recognized that the business environment surrounding the Company Group remains uncertain overseas, with geopolitical risks increasing due to factors such as the protracted situation in Ukraine and rising tensions in the Middle East, exchange rate fluctuations driven by monetary policies in Western countries, concerns over the slowdown of the Chinese economy, and future policy trends in the United States, although personal consumption in Europe and the United States continues to be strong due to factors such as the recovery in real incomes as a result of the easing of inflationary pressures. It is also recognized that in Japan, although there is a gradual recovery trend due to factors such as improvements in the income environment and

growth in inbound demand, the impact of rising resource prices and high prices on consumer spending is increasing, and the tendency for consumers to save money is further increasing.

In such current business environment, sales and profit have reached levels higher than before the COVID-19 pandemic in the resin molding business, which is the Company Group's main business, and demand for injection molding (Note 7) remains solid. On the other hand, by product category, demand is expected to increase in the automobile category and home appliance category in the field of industrial synthetic resin products, while in the OA category, which is the main business of the Company Group, market growth is expected to slow both in Japan and overseas. In the houseware (HW) category and related products, there is a low prospect for growth in domestic demand, making it necessary to develop overseas markets. By region, the Company believes that there will be an acceleration in the trend toward moving production from China to Southeast Asia, particularly in the OA category in the field of industrial synthetic resin products. As described above, the trends in each product segment of the Company Group and each region are changing rapidly, and it is recognized that it is becoming more important than ever to understand these trends accurately and to implement reviews of the allocation of manufacturing bases and the product mix at each base in an appropriate and timely manner.

- (Note 3) "OA" stands for "Office Automation", and OA equipment is used to improve the efficiency and productivity of office work. Note that OA at the Company refers mainly to photocopiers and copiers, and does not include telephones or PCs.
- (Note 4) In the measure of "Promotion of various measures for "materiality" (important issues)," the Company Group aims to achieve sustainable business operations by reducing GHG (Green House Gas) emissions by 30% in the fiscal year ending March 2031 compared with the fiscal year ending March 2020, realizing a circular economy through recycling used resin, increasing the ratio of female managers in Japan and developing human resources in the overseas subsidiaries, increasing employee satisfaction by fostering a safe and secure working environment, keeping and strengthening the corporate governance system, and changing the production system through automation and promotion of digital transformation.
- (Note 5) In the measure of "Expansion of business portfolio," the Company Group aims to move away from low profitability by expanding the automobile category through R&D and M&A, strengthening the home appliance category through increasing the capacity of the Thailand base, and developing new business domains in the contract-manufactured product business.
- (Note 6) In the measure of "Reconstruction of an unprofitable business domain (houseware (HW) category)," the Company Group aims to improve profitability by rebranding its core brand of household storage products "Fits", strengthening EC sales, strengthening the overseas houseware (HW) category, and reducing fixed costs and reorganizing.
- (Note 7) "Injection molding" is a method of molding plastic in which the molding material is mixed in an injection cylinder, melted by plasticization, and then injected into a mold with a screw.

In light of this business environment, Mr. Hiroshi Kaneda, who is a representative director of the Tender Offeror and a director of the Company, believes that in order for the Company Group to always respond to the business environment and increase enterprise value in the midst of intense global competition, it is essential, as stated in the Medium-term Management Plan, to efficiently carry out proactive investment in the OA category, which is the main business of the Company Group, and the automobile and home appliance categories, which are expected to grow in the future, and the optimization of manufacturing bases, and that in order to promote bold business transformation, it is also necessary to speedily implement investment strategies such as large-scale M&As that are unprecedented.

In addition, Mr. Hiroshi Kaneda believes that it is important for the Company Group not only to implement the above strategies, but also to strengthen the organization and human resources in order to implement the above strategies with speed. However, Mr. Hiroshi Kaneda recognizes that the Company's specific organizational and human resource issues include a shortage of human resources with knowledge in new areas such as the OA, automobile, and house appliance categories, and sales personnel at overseas bases, and that the current management-centered personnel structure of the Company Group is not equipped to make major management decisions such as bold capital investments or M&A that are considered necessary for the Company Group's enterprise value. Furthermore, Mr. Hiroshi Kaneda believes that the current personnel evaluation and compensation system of the Company Group is not capable of attracting competitive human resources, and even if human resources are obtained, there is a possibility that they will not be appropriately evaluated in terms of their work results, and that there is an urgent need to improve the situation in which it is difficult to retain excellent human resources. Therefore, Mr. Hiroshi Kaneda believes that strengthening the Company's organization and human resources, which form the basis of business strategies, is an urgent task that must be carried out in parallel with the initiatives in the Medium-term Management Plan.

Mr. Hiroshi Kaneda believes that the following specific measures should be implemented to increase the enterprise value of the Company Group.

(i) Change in business portfolio

At present, in the OA category, which is the main business of the Company Group, the domestic and overseas shipment results for business machines have not grown by more than double digits since 2015, except for 2022 (Note 8), and market growth is somewhat slowing both in Japan and overseas. On the other hand, in the automobile category, demand for plastic parts is expected to increase due to trends in the automobile industry such as environmental preservation and the introduction of EVs (electric vehicles), as well as the fact that the number of vehicles produced is expected to increase from 2022 to 2029 (Note 9), and in the home appliance category, demand is expected to increase in the future, with global demand for air conditioners increasing continuously after 2020, and global demand for air conditioners in 2023 expected to be 105% of the previous year (Note 10). In light of this external environment, Mr. Hiroshi Kaneda believes that in order for the Company Group to establish new primary revenue sources and secure sufficient profits, it is essential to restructure the portfolio to enable sustainable growth by entering into EV-related parts such as motor battery parts and parts for radiator cooling pipes and robotics-related parts for which progress of adoption of resin is expected, strengthening next-generation home appliances for which demand is expected to grow, and developing overseas markets in the houseware (HW) category, while continuing to invest in the OA category, which is the main business of the Company Group.

(Note 8) Source: Japan Business Machine and Information System Industries Association (JBMIA), business machine shipment results

(Note 9) Source: Fuji Chimera Research Institute, Inc., "Worldwide Electronics Market Survey 2024"

(Note 10) Source: The Japan Refrigeration and Air Conditioning Industry Association (JRAIA), "Estimated Global Air Conditioner Demand" for June 2024

(ii) Increasing production and warehousing capacity at overseas bases

The Company Group started a full-scale overseas operation in 1992 and currently engages in business in China, Vietnam, Thailand, Indonesia and North America. In the Company Group, the sales from overseas bases (76,465 million yen in the fiscal year ending March 2024) account for approximately 75% of the consolidated sales (102,052 million yen in the fiscal year ending March 2024) and continues to be an important growth driver for the Company Group. Mr. Hiroshi Kaneda believes that it is important to further accelerate overseas business by increasing production and warehousing capacity at overseas bases and

building a foundation to meet overseas demand in the future. Specifically, Mr. Hiroshi Kaneda believes that it is necessary for the Company Group to invest appropriate funds in TENMA (Thailand) Co., Ltd. (a Thai subsidiary of the Company) and the Ha Long Factory of TENMA VIETNAM CO., LTD. (a Vietnam subsidiary of the Company), where the Company Group is currently strategically focusing its efforts, and to increase its production and warehousing capacity at overseas bases and expand its business.

(iii) Strengthening human resources and organizations that form the basis of growth strategies

Mr. Hiroshi Kaneda believes that in order to respond to the increasingly diverse needs of business partners and the drastically changing industry environment, it is important to build a solid management foundation that will enhance the feasibility of the Medium-term Management Plan. Specifically, Mr. Hiroshi Kaneda is considering acquiring, through an aggressive recruitment strategy, specialized personnel with expertise in the OA category, which is the main business of the Company Group, and the automobile and home appliance categories and other related industries that are expected to grow in the future, sales personnel with experience in overseas markets, and human resources with extensive knowledge and experience in overseas expansion and business development as management personnel. Mr. Hiroshi Kaneda does not intend to make any significant changes to the current management structure of the Company, and intends to have external management personnel with a certain level of knowledge and expertise participate in the management of the Company Group as personnel responsible for investments and overseas markets. After the Transactions, there will be no agreement between the Tender Offeror and other directors (including directors who are audit and supervisory committee members) of the Company, or between the Tender Offeror and any external management personnel, regarding their assumption of office or treatment after the Tender Offer. With regard to attracting new human resources, Mr. Hiroshi Kaneda is also considering reviewing the personnel and compensation systems so that it will be possible to appropriately evaluate and reward personnel with expertise and knowledge from the perspective of attracting competitive human resources and retaining excellent human resources.

Mr. Hiroshi Kaneda believes that, through Measures (i) and (ii), the Company will be able to build a revenue base that is capable of responding to changes in the business environment surrounding the Company Group, and through Measure (iii), the Company will be able to build an organizational structure that enhances the effectiveness and speed of its business strategy, including Measures (i) and (ii), and thereby enable the Company Group to continuously increase its enterprise value.

On the other hand, Mr. Hiroshi Kaneda believes that it is difficult for the Company to implement Measures (i) to (iii) above as a whole while bearing the personnel and economic costs required to meet the short-term expectations and demands of the capital market and maintain its listing, and even if such measures were able to be implemented, they would likely take time, making it difficult to appropriately respond to changes in the business environment, including the competitive environment. In promoting Measures (i) to (iii) above as a whole, a large amount of upfront investment, such as capital investment in buildings and machines to increase production and warehousing capacity and investment in human resources to attract and retain competitive human resources, is expected to be made. Mr. Hiroshi Kaneda believes that, through such upfront investment, the possibility of a temporary deterioration in the Company Group's earnings and cash flow cannot be denied, and there is a risk of a significant impact on the Company Group's performance and financial condition in the short term. Mr. Hiroshi Kaneda recognizes that if the Company implements Measures (i) to (iii) above as a whole while maintaining its listing, the Company Group may not be able to gain sufficient understanding or appreciation from the capital market due to a decline in the Company Group's earnings, etc., even if temporary, and as a result, the share price of the Company Shares may decline and the value of the Company Shares may be damaged. Given the above, Mr. Hiroshi Kaneda believes that it is difficult for the Company to implement Measures (i) to (iii) above as a whole while maintaining its listing.

Although the Company has enjoyed various benefits of being a listed company, such as increased public awareness and public trust, since it became a listed company in August 1988, Mr. Hiroshi Kaneda believes that there will be no substantial disadvantages of taking the Company Shares private and that the need for the Company to remain listed and the benefits of remaining listed have relatively decreased, as the Company currently has no immediate need to raise funds through equity financing and the Company has already established brand power and credibility with various business partners through long-standing business relationships. Although, after the Transactions, it is expected that the Company may find it more difficult to garner public awareness and social credibility among general consumers compared to before the Transactions, Mr. Hiroshi Kaneda believes that the adverse effects resulting from the privatization will be limited, given the public awareness and social credibility the Company has developed since its establishment. As a result of examining the changes in the environment surrounding the Company Group and how to respond to such changes as described above, Mr. Hiroshi Kaneda concluded that taking the Company Shares private would be the most effective way to increase the enterprise value of the Company Group, as it would enable the Company Group to boldly promote the strengthening of its business foundation from a long-term perspective without being unduly influenced by short-term share price fluctuations, while at the same time avoiding any damage to the value of the Company Shares that may be suffered by the shareholders of the Company due to a decline in the share price, and to take on the challenge of establishing itself as a “centennial company.” In addition, Mr. Hiroshi Kaneda came to the conclusion that in order to promptly implement the above measures based on an understanding of the founding spirit and management philosophy and corporate culture that have been inherited or established since the establishment of the Company in 1949, and while maintaining relationships with the stakeholders of the Company Group, it would be most beneficial, in order to increase the enterprise value of the Company Group in the medium-to-long term, to conduct the Transactions as a so-called management buyout (MBO) (Note 11) rather than as a privatization transaction by a third party or by himself in cooperation with a third party, to clearly present the reform policy by himself within the Company Group and to have the management team and employees of the Company Group work together to promote such policy.

(Note 11) A “management buyout” (MBO) generally refers to a transaction where the management team of a company being acquired invests all or part of the acquisition funds and acquires the company’s shares on the assumption that the business of the company will continue.

As announced in the Opinion Press Release, after receiving a declaration of intent regarding the Transactions from the Tender Offeror on October 15, 2024 (the “Declaration of Intent”), the Company conducted careful discussions and consideration from perspectives such as whether or not the Transactions, including the Tender Offer, will contribute to enhancing the corporate value of the Company and whether or not the terms and conditions of the Transactions, including the tender offer price per share of the Company Shares (3,580 yen) (the “Tender Offer Price”), are appropriate while taking into account factors such as legal advice received from Mori Hamada & Matsumoto (currently Mori Hamada & Matsumoto Foreign Law Joint Enterprise; “Mori Hamada”), financial advice received from Resona Research Institute Co., Ltd. (“Resona Research Institute”), the Company’s financial advisor, and Plutus Consulting Co., Ltd. (“Plutus Consulting”), as well as a share valuation report on the Company Shares (the “Share Valuation Report (Plutus Consulting)”) and an opinion on the fairness of the Tender Offer Price from a financial perspective (the “Fairness Opinion”) obtained from Plutus Consulting on March 13, 2025 and while also respecting to the maximum extent the judgment of the Special Committee stated in the report submitted by the Special Committee (as defined in “(v) Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee by the Company” in “(2) Matters to be Noted so that the Interests of the Shareholders Other than the Parent Company (if any) are Not Impaired”; the same shall apply hereinafter) (the “Report”).

As a result, the Company reached the conclusion that the Transactions will contribute to enhancing the

corporate value of the Company due to the following reasons.

(a) Expanding management and specialist human resources; building strong organizations

In order to respond to severe changes in the industry environment, such as the fact that needs for the Company's products have changed in ways such as shifting from large storage products to a variety of storage products due to reasons such as lifestyle changes arising from an increase in two-income households, the fact that previously, the main method for purchasing the Company's products was to see and purchase them directly in stores, but now many consumers purchase the Company's products based on a variety of information obtained online, and the fact that the speed of changes in preferences for products due to labor reforms and other reasons has accelerated, the Company believes it is important to build a management foundation for steadily implementing the Medium-term Management Plan.

When doing so, the Company recognizes that it will require human resources and structures that can contribute to efforts such as policies on business locations to immediately respond to environmental changes in the OA area, which is the Company's main business, strengthening the automotive and electrical appliance areas, which are the Company's growth areas, entering new areas, developing new products in the housewares area, entering overseas markets, and strengthening e-commerce sales.

However, in its current state, the Company believes that it is lacking human resources in management-level area with a certain degree of knowledge regarding overseas expansion and large-scale investment and, in the automotive area, specialist human resources with knowledge of the industry's views on quality standards, business practices, and other such matters and specialist human resources with knowledge of painting technologies. As it is difficult to effectively implement the above measures without human resources who possess those areas of expertise, the Company believes it is important to quickly acquire competent human resources, promptly integrate them into the Company's existing organizations, and increase engagement in order to rehabilitate the Company's performance and achieve long-term growth.

However, the Company cannot deny the possibility that performance may decline over the short term due to increased labor costs if the Company actively introduces personnel evaluation and compensation systems that will contribute more to the acquisition of the specialist human resources stated above and the strengthening of the retention and motivation of the Company's officers and employees. The Company believes that through the Transactions, it will become possible to actively introduce personnel evaluation and compensation systems without focusing on such short-term changes in performance and that integrating ownership and management under Mr. Hiroshi Kaneda, a member of the founding family, will enable faster and more flexible decision-making. Therefore, the Company believes that by conducting the Transactions, it will be possible to steadily implement aggressive hiring strategies including for specialist human resources with thorough knowledge of related industries such as the automotive and electrical appliance areas, where future growth is expected, and for excellent management-level personnel from outside the Company while making full use of its business identity and corporate culture and maintaining continuity with its existing businesses, and that it will thereby be possible to enhance the corporate value of the Company.

(b) Rebuilding the business portfolio for strong profitability and future potential

Currently, in the Company's office automation area, although the market as a whole is trending towards maturity, the office automation area constitutes 50% and more of the Company Group's net sales, and therefore the Company recognizes that it is important to continue to position it as the Company's main business and to maintain sales, while in the housewares area, which is the market

for the Company's own products, it is anticipated that it will not be possible to expect significant growth in the Japanese market under the existing category strategy that specializes in manufacturing and selling storage products, and the Company recognizes that it is important to implement radical growth strategies by developing new categories in the Japanese market using the synthetic resin manufacturing technologies possessed by the Company and by developing new sales channels for synthetic resin houseware products through overseas markets and e-commerce as well as other means. Meanwhile, future growth is anticipated in the automotive and electrical appliance areas, so in order for the Company to adapt to the market environment and achieve growth, the Company believes it is important to actively invest human resources and make capital investments such as for plants in the automotive area (Japan, Indonesia, and North America) and the electrical appliance area (Thailand and Vietnam), where it is anticipated that new profits can be obtained.

At the same time, in order for the Company to respond to a management environment where conditions change rapidly, such as the recent sudden increase in inflation and weakening of the yen, and to continue growing globally amid an environment of severe competition, it is necessary to transition to businesses with high added value through research and development in existing businesses and the creation of new businesses. However, in order to make that transition, it will be necessary to continually allocate the profits earned through existing businesses to new businesses, and a certain period of time for trial and error will be required. During the period that the Company attempts to make that transition, it is anticipated that management indicators such as ROE and ROIC will fall below investor expectations, so the Company believes that if it maintains its listing, it will be difficult to implement a variety of measures boldly and rapidly, giving sufficient consideration to investor expectations at the same time.

Accordingly, the Company believes that by taking the Company Shares private through the Transactions, it will be possible to implement the above measures flexibly and rapidly without focusing on short-term performance or share value and that it will thereby be possible to enhance the corporate value of the Company.

(c) Expanding production capabilities in key investment regions based on profitability

The Company recognizes three issues in regard to its production plants. First, in the office automation area, which is the Company's main business, because the Company's main transaction partners are relocating their production plants from China to Southeast Asia, it is necessary to take measures to achieve stable manufacturing at the Company's manufacturing plants in Southeast Asia. Second, because growth is anticipated in the automotive area (Japan, Indonesia, and North America) and the electrical appliance area (Thailand and Vietnam), it is necessary to respond to that demand in a timely manner. Third, while sales volume in the housewares area in Japan has struggled to grow, distribution costs, labor costs, raw material costs, and other prices are increasing, in addition to which capital investment costs are being incurred, leading to a continuing state of unprofitable performance, and therefore it is necessary to improve profits.

Therefore, the Company believes that in order to achieve future growth, it is important to review its production structure in the housewares area in Japan while relocating its production functions in the office automation area from China to Southeast Asia and strengthening its production capabilities to handle demand in the automotive area (Japan, Indonesia, and North America) and the electrical appliance area (Thailand and Vietnam).

In regard to reviewing production structure and strengthening production capabilities as stated above, it would be effective and efficient to carry out those initiatives at the same time as other measures including those stated in (a) and (b) above. However, if the Company boldly implements those measures while maintaining its listing, the Company recognizes that it may be unable to obtain

sufficient understanding and evaluation from the capital market due to factors such as a decline in the Company's earning power and capital efficiency, even though temporary, which may result in a decline in the Company's share price, damaging its share value. In addition, if the Company maintains its listing, it would need to consider profit not only over the medium to long term, but also short-term profit as well, and it recognizes that doing so may diminish the speed with which it carries out the above measures. The Company believes that through the Transactions, it can expect to boldly and rapidly implement the above measures without being affected by short-term changes in performance.

Although the achievement of each of the above measures can be expected to lead to the expansion of the Company Group's profits and significant growth over the medium to long term, when implementing each of those measures, they will not lead directly to profit over the short term and may instead lead to a decline in short-term performance. Therefore, if the Company cannot receive sufficient evaluation from the capital market for these measures as those of a listed company, there is a risk of causing a decline in share price and being unable to meet the expectations of the Company's existing shareholders, and the Company believes that it would be difficult to promptly implement these measures while maintaining its listing. If the Company Shares are taken private, it is possible that there will be an impact on areas such as acquiring excellent human resources and expanding transaction partners through the improved trust from society and name recognition that the Company has enjoyed as a listed company, and the Company will be unable to procure funds through equity financing from the capital market. However, taking into consideration recent increases in the costs for maintaining listing, the Company believes that there is little value to maintaining its listing moving forward, and based on the current financial condition of the Company Group, there is not expected to be a need to procure a large amount of funds, and given the trust from society and name recognition that the Company has established since its founding, it believes that the negative impacts of going private will be minor.

Accordingly, based on its consideration stated above, the Company's board of directors judged that the merits of taking the Company Shares private exceed the demerits. In addition, the Company's board of directors reached the conclusion that taking the Company Shares private through the Transactions, including the Tender Offer, will enable agile and flexible decision-making by integrating ownership and management and that building a new, strong, and stable management structure in which the shareholders and the management team are integrated would contribute to enhancing the corporate value of the Company.

In addition, as stated in "(4) Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions and Matters Concerning the Appropriateness of Such Amount" below, the board of directors of the Company determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the Company's shareholders, and that the Tender Offer provides the Company's shareholders with a reasonable opportunity to sell their shares.

Based on the above, the Company has determined that the Transactions will contribute to enhancing the corporate value of the Company and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Therefore, at the board of directors meeting of the Company held on March 14, 2025, the Company resolved to express an opinion in support of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer.

Because the Tender Offer was subsequently completed successfully, in response to a request from the Tender Offeror, the Company resolved at its board of directors meeting held on June 13, 2025 to submit a proposal at the "Extraordinary Shareholders' Meeting to carry out the Share Consolidation by which

3,904,307 shares of the Company Shares will be consolidated to one share aimed at ultimately making the Tender Offeror and the Shareholders Agreeing Not to Tender Shares the only shareholders of the Company in accordance with the policies announced in the Opinion Press Release, subject to the approval of the shareholders the Extraordinary Shareholders' Meeting.

In addition, in response to the fact that as a result of the Tender Offer, certain shareholders of the Company other than the Tender Offeror and the Shareholders Agreeing Not to Tender Shares have come to hold the number of Company Shares equal to or greater than the smallest number of the Company Shares held by a Shareholder Agreeing Not to Tender, the Shareholders Agreeing Not to Tender Shares will, in order to actualize the series of procedures to take the Company Shares private aimed at ultimately making the Tender Offeror and the Shareholders Agreeing Not to Tender Shares the only shareholders of the Company (the "Squeeze-Out Procedures"), execute a share lending agreement with respect to the Company Shares between themselves, in which (i) Mr. Yasuichi Kaneda, Kaneda Kosan, and BK Finance will become the lenders, and each of these lenders will lend all of the Company Shares they respectively own to Mr. Hiroshi Kaneda, and (ii) after the Share Consolidation becomes effective, Mr. Hiroshi Kaneda, as the borrower of the aforementioned Company Shares, will terminate these loan agreements and return all of the respective Company Shares he borrowed from Mr. Yasuichi Kaneda, Kaneda Kosan, and BK Finance to each of them (such transactions, the "Share Lending Transactions"). Through the Share Lending Transactions, each of the Shareholders Agreeing Not to Tender Shares will realize the continued ownership of their respective Company Shares even after the Squeeze-Out Procedures have been implemented.

As a result of the Share Lending Transactions and the Share Consolidation, the number of shares held by the shareholders other than the Tender Offeror and Mr. Hiroshi Kaneda (the "Tender Offeror, Etc.,") will be a fraction less than one share.

See the Opinion Press Release and the Tender Offer Result Press Release as well for further details of the background of the Transactions.

(2) Matters to be Noted so that the Interests of the Shareholders Other than the Parent Company (if any) are Not Impaired

In light of the fact that the Tender Offer was implemented as part of the Transactions for the management buyout (MBO), which may structurally involve conflict of interest issues, the Tender Offeror and the Company have implemented the following measures to ensure the fairness of the Transactions, including the Tender Offer, from the perspectives of ensuring the fairness of the Tender Offer Price, eliminating any arbitrariness in the process leading to the determination to implement the Tender Offer, and avoiding conflicts of interest.

Of the following statements, the statements regarding the measures implemented by the Tender Offeror are based on the explanation provided by the Tender Offeror.

In addition, the Tender Offeror has not set a minimum number of shares to be purchased by a so-called "majority of minority" ("MoM") in the Tender Offer, because the Tender Offeror believes that setting such minimum number may make the completion of the Tender Offer uncertain and may not contribute to the interests of the general shareholders of the Company who wish to tender their shares in the Tender Offer. Nevertheless, because the Tender Offeror and the Company have implemented the measures stated below as the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Tender Offeror believes that the interests of the general shareholders of the Company have been adequately considered. Further, the Special Committee determined in the Report that, in light of the fact that other measures to ensure fairness are deemed to have been sufficiently put in place, it is not necessary to find that there has been a lack of sufficient opportunities for shareholders to make their decision based on the mere fact that an MoM Condition has not been established, and the Company has reached the same conclusion.

- (i) Procurement by the Company of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Institution

In order to ensure the fairness of the decision-making process of the Company's board of directors in relation to the Transactions, including the Tender Offer, the Company has requested Plutus Consulting, a third-party valuation institution independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, to calculate the share value of the Company Shares and to provide an opinion on the fairness of the Tender Offer Price from a financial perspective (a fairness opinion), and has obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion as of March 13, 2025.

Plutus Consulting is not a related party of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, or the Company, and does not have any material interests that should be noted in relation to the Transactions, including the Tender Offer. In addition, the Special Committee has confirmed that there are no issues with the independence or expertise of Plutus Consulting. Plutus Consulting will receive only fixed fees, which are payable regardless of whether the Transactions are consummated, and will not receive any contingent fees payable upon the consummation of the Transactions.

- (A) Overview of the calculations

Plutus Consulting considered the valuation methods to be adopted for the Tender Offer, and as a result, on the assumption that the Company is a going concern and that a multifaceted evaluation of the value of the Company Shares would be appropriate, Plutus Consulting calculated said share value of the Company Shares using the following: (i) the market price analysis, because the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, (ii) the comparable company analysis, because there are comparable listed companies and an analogical inference of the share value in comparison to comparable listed companies is viable, and (iii) the discounted cash flow method (the "DCF Method"), to ensure that the circumstances of the Company's future business activities would be reflected in the calculation.

According to Plutus Consulting, the adopted valuation methods and the ranges of values per Company Share that were obtained from the valuation methods in valuating the share value of the Company Shares are as follows.

Market Price Analysis:	2,620 yen to 2,816 yen
Comparable Company Analysis:	2,644 yen to 3,153 yen
DCF Method:	2,952 yen to 3,918 yen

In the market price analysis, March 13, 2025 was used as the calculation reference date, and calculations were performed on the basis of the closing price of the Company Shares of 2,620 yen on the calculation reference date, the simple average closing price of 2,641 yen for the one-month period immediately preceding the calculation reference date, the simple average closing price of 2,755 yen for the three-month period immediately preceding the calculation reference date, and the simple average closing price of 2,816 yen for the six-month period immediately preceding the calculation reference date (all such prices as listed on the Prime Market of the Tokyo Stock Exchange). As a result, the value per Company Share was calculated to be in the range of 2,620 yen to 2,816 yen.

In the comparable company analysis, after selecting SANKO GOSEI LTD., Takagi

Seiko Corporation, Tensho Electric Industries Co., Ltd., Muto Seiko Co., Ltd., DaikyoNishikawa Corporation, YAMATO Mobility & Mfg.Co., Ltd., Morioku Holdings Company, Ltd. (currently Morioku Co., Ltd.) and MEIWA INDUSTRY CO.,LTD. as comparable listed companies that are engaged in businesses that are relatively similar to that of the Company, Plutus Consulting calculated the share value of the Company Shares by using the EBITDA Multiples. These calculations resulted in a value per Company Share in the range of 2,644 yen to 3,153 yen.

In the DCF Method, based on the business plan for the five fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2029 (the “Business Plan”) prepared by the Company, the corporate value and share value of the Company were analyzed by discounting to the present value at a given discount rate the free cash flow that the Company is expected to generate during and after the fourth quarter of the fiscal year ending March 2025, using factors such as revenues and investment plans under the business plans for the five fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2029 and publicly available information as the basis therefor. The calculations resulted in a share value per Company Share in the range of 2,952 yen to 3,918 yen. In the calculation of the share value, discount rates of between 7.4% and 9.6% were used, and the perpetual growth model and multiple method were adopted to calculate the value of the going concern. The perpetual growth rate was set at 0%, and the EBITDA multiple method was adopted as the multiple method, with the calculations resulting in a multiple from 2.8 to 4.2. The earnings forecast for the fiscal year ending March 2025 stated in “Notice of Revised Earnings Forecast for the Fiscal Year Ending March 2025” released by the Company on March 14, 2025 is reflected in the Business Plan that Plutus Consulting used as a basis for the DCF Method calculations.

The specific figures of the Company’s financial projections that Plutus Consulting used as a basis for the DCF Method calculations are as indicated below. Such financial projections include fiscal years in which large increase or decrease in earnings and free cash flow are expected. For the fiscal year ending March 2025, operating profit is expected to increase by 2.6 billion yen (representing a year-over-year increase of 90.94%) in conjunction with increased demand, mainly for industrial synthetic resin-related products (in the automotive and electrical appliance sectors). For the fiscal year ending March 2026, operating profit is expected to increase by 4 billion yen (representing a year-over-year increase of 53.85%) in conjunction with increased demand in China, mainly for houseware synthetic resin-related products, and reductions in fixed costs, free cash flow is expected to increase by 2.031 billion yen (representing a year-over-year increase of 168.79%). Free cash flow in the fiscal year ending March 2027 is expected to decrease by 1.513 billion yen (representing a year-over-year decrease of 174.5%) in conjunction with construction investments in the new Vietnam plant, but due to reductions in construction investments that fiscal year, free cash flow is expected to increase by 3.832 billion yen (representing a year-over-year increase of 353.25%) in the fiscal year ending March 2028. The synergistic effect expected to be achieved by the implementation of the Transactions is not reflected in the financial projections, as it is difficult to specifically estimate any effect at this time.

(Unit: million yen)

	Fiscal year ending March 2025 (3 months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029
Net Sales	228,949	102,000	107,000	109,300	111,500
Operating Profit	1,002	4,000	4,700	4,900	5,200
EBITDA	2,345	8,714	9,814	10,514	11,214
Free Cash Flow	(1,930)	2,031	(1,513)	3,832	4,466

When calculating the share value of the Company Shares, Plutus Consulting, as a rule, utilized the information provided by the Company, publicly-available information, and other such information on an as-is basis, assuming that such materials, information, etc. were accurate and complete in all respects. Therefore, Plutus Consulting did not independently evaluate or assess the accuracy or completeness of such information. No independent assessments were made, and no expert opinions or assessments from third-party organizations were sought, in regard to the assets and liabilities of the Company (including unlisted assets and liabilities and other contingent liabilities). In addition, it was assumed that the information with respect to the Company's financial projections had been reasonably prepared on the best predictions and judgments that could be made by the Company's management at the time of the calculation.

(B) Overview of the Fairness Opinion

On March 13, 2025, the Company obtained the Fairness Opinion from Plutus Consulting which stated to the effect that 3,580 yen per share as the Tender Offer Price is fair to the general shareholders of the Company from a financial point of view. The Fairness Opinion expressed the opinion that the Tender Offer Price of 3,580 yen per share is fair to the general shareholders of the Company from a financial point of view in light of factors such as the calculated share value based on the Business Plan. The Fairness Opinion was issued by Plutus Consulting based on the result of the Company's share valuation calculated after receiving disclosures of information such as the current state of the Company's business and the Business Plan from the Company and receiving explanations thereof, as well as question-and-answer sessions with the Company concerning the outline, background, and purpose of the Tender Offer, considerations of factors such as the Company's business environment, the economy, markets, and financial landscape conducted to the extent deemed necessary by Plutus Consulting, and the review procedures carried out by an examination committee independent of Plutus Consulting's engagement team (Note 1).

(Note 1) Plutus Consulting assumes that the Business Plan and other materials used as base materials for the Fairness Opinion have been reasonably prepared based on the best forecasts and judgements obtained at the time of preparation of such materials. Plutus Consulting does not guarantee the feasibility thereof and does not express any view regarding any analysis or forecast that is the basis of the preparation of those materials or any premises that serve as grounds for those materials.

Plutus Consulting is not an expert on legal, accounting, or taxation matters.

Accordingly, Plutus Consulting does not state an opinion on any legal, accounting, or taxation issues related to the Tender Offer and is not obligated to state such an opinion.

Plutus Consulting has not conducted an independent evaluation or appraisal of the assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Company or any of its affiliates, including assessments and evaluations of individual assets and liabilities, and it has not received any submitted written evaluation or appraisal of any such assets or liabilities. Accordingly, Plutus Consulting has not evaluated the ability of the Company or its affiliates to make payments.

The Fairness Opinion states an opinion on the fairness of the Tender Offer Price from a financial perspective, which is to be used when the Company expresses its opinions on the Tender Offer. Accordingly, the Fairness Opinion does not state any opinion on the advantages or disadvantages compared with transactions that could serve as alternatives to the Tender Offer, the benefits that could be brought by executing the Tender Offer, or whether the Tender Offer should be accepted.

The Fairness Opinion does not state any opinion to holders of securities issued by the Company, creditors, or other persons related to the Company. Accordingly, Plutus Consulting does not owe an obligation to any shareholders or third parties that have relied on the Fairness Opinion.

Plutus Consulting is not soliciting investments in the Company and is not authorized to make any such solicitation. Accordingly, the Fairness Opinion does not make any recommendation to the shareholders of the Company with regards to tendering their shares in the Tender Offer or on any other activities relating to the Tender Offer.

The Fairness Opinion states an opinion as of the submission date thereof on whether the Tender Offer Price is fair to the general shareholders of the Company from a financial perspective based on financial and capital markets, economic conditions, and other circumstances as of the submission date of the Fairness Opinion and based on information provided to or obtained by Plutus Consulting up to that submission date. Plutus Consulting does not owe an obligation to revise, amend, or supplement its opinion, even if those assumptions on which such opinion is based change due to a subsequent change in conditions.

The Fairness Opinion does not make any deduction or suggestion of any opinion regarding any matters that are not explicitly stated in the Fairness Opinion or any matters on or after the submission date of the Fairness Opinion. Plutus Consulting assumes that the base materials provided by the Company for preparing the Fairness Opinion and the publicly available materials and information obtained by the Company are accurate and complete. Plutus Consulting has not conducted any independent investigation or examination of the accuracy or completeness of said materials or information, and it does not owe any obligation to do so. Accordingly, Plutus Consulting will not bear any liability arising out of any incompleteness of such materials or the non-disclosure of any material facts.

(ii) Procurement by the Company of Advice from an Independent Law Firm

In order to ensure that the Company makes careful decisions regarding the Transactions, including the Tender Offer, and to ensure the fairness and appropriateness of the decision making by the Company's board of directors, the Company has appointed Mori Hamada as a legal advisor independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, and has been receiving necessary legal advice from Mori Hamada regarding the decision-making methods and processes of the Company's board of directors, and other considerations, including the procedures for the Transactions.

In addition, Mori Hamada is not a related party of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, or the Company, and does not have any material interests that should be noted in relation to the Transactions, including the Tender Offer.

Further, the Special Committee has confirmed that there are no issues with the independence and expertise of Mori Hamada. The firm will be paid on an hourly basis only, which is payable regardless of whether the Transactions are consummated, and will not receive any contingent fees payable upon the consummation of the Transactions.

(iii) Advice from a Financial Advisor Independent of the Company

In order to ensure that the Company makes careful decisions regarding the Transactions, including the Tender Offer, and to ensure the fairness and appropriateness of the decision making by the Company's board of directors, the Company appointed Resona Research Institute as its financial advisor independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, and the Company has been receiving advice from a financial perspective therefrom, including advice regarding the decision-making methods and processes of the Company's board of directors, and other considerations, including the procedures for the Transactions.

In addition, Resona Research Institute is not a related party of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, or the Company, and does not have any material interests that should be noted in relation to the Transactions, including the Tender Offer.

Further, the Special Committee has confirmed that there are no issues with the independence and expertise of Resona Research Institute. Contingent fees payable upon the announcement or consummation of the Transactions are included in the remuneration to be paid to Resona Research Institute in connection with the Transactions. However, the Company appointed Resona Research Institute as its financial advisor under the aforementioned remuneration system based on its determination that, even when considering factors such as general practices in similar transactions, the fact that such contingent fees payable upon the announcement or consummation of the Transactions are included does not negate the independence of Resona Research Institute. The Company is engaged in financing and other transactions as part of its ordinary banking transactions with Resona Bank, Limited ("Resona Bank"), which belongs to the same financial group as Resona Research Institute (the "Resona Group"), and the Company is aware that Resona Bank is engaged in financing and other transactions as part of its ordinary banking transactions with the Tender Offeror. However, the Company has received an explanation from Resona Research Institute that the Resona Group restricts the sharing of information and that the Resona Research Institute will provide its financial advisory services to the Company from a position independent of Resona Bank.

(iv) Procurement by the Special Committee of a Share Valuation Report from an Independent Third-Party Valuation Institution

In considering the Consulted Matters (as defined in "(a) Process of Establishing the Special

Committee and Other Related Matters” of “(v) Establishment of an Independent Special Committee at the Company; Procuring a Report” below), in order to ensure the appropriateness of the terms and conditions of the transactions, including the Tender Offer Price, the Special Committee has requested AGS FAS Co., Ltd. (“AGS FAS”), a third-party valuation institution independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, to calculate the share value of the Company Shares, and has obtained a share valuation report on the Company Shares (the “Share Valuation Report (AGS FAS)”) as of March 13, 2025. Given that the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the interests of the general shareholders of the Company have been adequately taken into account and that the Fairness Opinion has been obtained from Plutus Consulting, the Company’s third party valuation institution, the Special Committee has not obtained an opinion regarding the fairness of the Tender Offer Price from AGS FAS (fairness opinion).

AGS FAS is not a related party of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, or the Company, and does not have any material interests that should be noted in relation to the Transactions, including the Tender Offer.

In addition, the Special Committee has confirmed that there are no issues with the independence and expertise of AGS FAS. AGS FAS will receive only fixed fees, which are payable regardless of whether the Transactions are consummated, and will not receive any contingent fees payable upon the consummation of the Transactions.

AGS FAS considered the valuation methods to be adopted for the Tender Offer, and as a result, on the assumption that the Company is a going concern and that a multifaceted evaluation of the value of the Company Shares would be appropriate, AGS FAS calculated said share value of the Company Shares using the following: (i) the market price analysis, because the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, (ii) the comparable company analysis, because there are comparable listed companies and an analogical inference of the share value in comparison to comparable listed companies is viable, and (iii) the DCF Method, to ensure that the circumstances of the Company’s future business activities would be reflected in the calculation.

According to AGS FAS, the adopted valuation methods and the ranges of values per Company Share that were obtained from the valuation methods in valuating the share value of the Company Shares are as follows.

Market Price Analysis:	2,620 yen to 2,816 yen
Comparable Company Analysis:	2,541 yen to 2,814 yen
DCF Method:	2,964 yen to 3,838 yen

In the market price analysis, March 13, 2025, the business day immediately preceding the date on which a resolution was passed by the Company’s board of directors regarding expressing its opinion on the Tender Offer, was used as the calculation reference date, and calculations were performed on the basis of the closing price of the Company Shares of 2,620 yen on the calculation reference date, the simple average closing price of 2,641 yen for the one-month period immediately preceding the calculation reference date, the simple average closing price of 2,755 yen for the three-month period immediately preceding the calculation reference date, and the simple average closing price of 2,816 yen for the six-month period immediately preceding the calculation reference date (all such prices as listed on the Prime Market of the Tokyo Stock Exchange). As a result, the value per Company Share was calculated to be in the range of 2,620 yen to 2,816 yen.

In the comparable company analysis, after selecting SANKO GOSEI LTD., Shin-Etsu Polymer Co., Ltd., and Moriroku Holdings Company, Ltd. (currently Moriroku Co., Ltd.) as comparable listed companies that are engaged in businesses that are relatively similar to that of the Company, Plutus Consulting calculated the share value of the Company Shares by using the Company's EBITDA Multiples against its corporate value. These calculations resulted in a value per Company Share in the range of 2,541 yen to 2,814 yen.

In the DCF Method, based on the Business Plan, the corporate value and share value of the Company were analyzed by discounting to the present value at a given discount rate the free cash flow that the Company is expected to generate during and after the fourth quarter of the fiscal year ending March 2025, using factors such as revenues and investment plans under the business plans for the five fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2029 and publicly available information as the basis therefor. The calculations resulted in a share value per Company Share in the range of 2,964 yen to 3,838 yen. In the calculation of the share value, discount rates of between 7.63% and 9.63% were used, and the perpetual growth model was adopted to calculate the value of the going concern. The earnings forecast for the fiscal year ending March 2025 stated in "Notice of Revised Earnings Forecast for the Fiscal Year Ending March 2025" released by the Company on March 14, 2025 is reflected in the Business Plan that AGS FAS used as a basis for the DCF Method calculations.

In addition, the Business Plan includes fiscal years in which large changes in earnings and losses are expected on a year-on-year basis. Specifically, in the fiscal year ending March 2025, operating profit is expected to increase by 2.6 billion yen (representing a year-over-year increase of 90.94%) in conjunction with increased demand, mainly for industrial synthetic resin-related products (in the automotive and electrical appliance sectors). For the fiscal year ending March 2026, operating profit is expected to increase by 4 billion yen (representing a year-over-year increase of 53.85%) in conjunction with increased demand in China, mainly for houseware synthetic resin-related products, and reductions in fixed costs, but free cash flow is expected to increase by 1.891 billion yen (representing a year-over-year increase of 84.83%) due to the construction of a new plant in Vietnam and increased capital investments in the Thailand plant. Continuing from the fiscal year ending March 2026, free cash flow in the fiscal year ending March 2027 is expected to decrease by 1.419 billion yen (representing a year-over-year decrease of 175.03%) in conjunction with construction investments in the new Vietnam plant, but due to reductions in construction investments that fiscal year, free cash flow is expected to increase by 3.943 billion yen (representing a year-over-year increase of 377.90%) in the fiscal year ending March 2028.

The specific figures in the Company's financial projections that were used by AGS FAS as the basis for the calculation using the DCF Method are indicated below. The synergistic effect expected to be achieved by the implementation of the Transactions excluding the reductions in costs to maintain listing, is not reflected in the Company's financial projections that were used by AGS FAS in the DCF Method, as it is difficult to specifically estimate any effect at this time.

(Unit: million yen)

	Fiscal year ending March 2025 (3 months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029

Net Sales	28,949	102,000	107,000	109,300	111,500
Operating Profit	1,003	4,000	4,700	4,900	5,200
EBITDA	2,073	8,490	9,590	10,290	10,990
Free Cash Flow	(2,468)	1,891	(1,419)	3,943	4,550

When calculating the share value of the Company Shares, AGS FAS used, as a general rule, the materials and information provided by the Company and publicly available information on an as-is basis, assuming that all of the materials and information that were subject to its analysis and examination were accurate and complete. Therefore, AGS FAS did not, and has no obligation to, independently verify the accuracy or completeness of such materials and information. AGS FAS assumed, among other matters, that there are no facts that could possibly have a material impact on the calculation of the share value of the Company Shares which have not been disclosed to AGS FAS. Further, no independent evaluations, assessments, or appraisals were conducted, and no evaluations, assessments, or appraisals from third-party organizations were sought, in regard to any of the assets and liabilities of the Company and its affiliates (including, without limitation, derivatives, unlisted assets and liabilities, and other contingent liabilities), including analyses and evaluations of any individual part thereof. AGS FAS also assumed that the Business Plan provided to it and other information regarding the Company's future status had been reasonably confirmed, examined, and prepared based on the best predictions and judgments that could be made by the Company's management as of present, and thus relied on such information without conducting any individual verification thereof. AGS FAS's calculation is based on the financial, economic, market, and other conditions as of March 13, 2025. The results of calculation of the share value of the Company Shares submitted by AGS FAS are not intended to serve as the expression of its opinion on the fairness of the Tender Offer Price.

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

- (A) Background of the Establishment, Etc.

Given that the Transactions are being conducted as a so-called management buyout (MBO) and that there is a structural conflict of interest, in order to address the issue of structural conflicts of interest and the issue of information asymmetry in the Transactions, eliminate arbitrariness in the decision-making process of the Company's board of directors, and ensure the fairness, transparency, and objectivity of the Transactions, the Company resolved at its board of directors meeting held on October 17, 2024 to establish a special committee (the "Special Committee"), which is composed of members independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, and the Company. The Company, based on the advice of Mori Hamada, has confirmed that the candidates for the members of the Special Committee are independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, and the Company, that they do not have any material interests different from those of the general shareholders with respect to the success or failure of the Transactions, and that they have the qualifications to serve as members. Following this, in order to ensure that the Special Committee is of an appropriate size while maintaining a balance of knowledge, experience, and ability in the Special Committee as a whole, the

Company appointed the following three (3) people as members of the Special Committee (the members of the Special Committee have not changed since it was first established): Mr. Shoji Matsuyama (Independent External Director (Audit Committee Member) of the Company and Certified Public Accountant), Mr. Hirofumi Kurahashi (Independent External Director of the Company and Attorney), and Mr. Hirotaka Goto (Independent External Director (Audit Committee Member) of the Company). In addition, the Special Committee has elected Mr. Shoji Matsuyama as the chairman of the Special Committee by a mutual election of the committee members. Further, the members of the Special Committee will receive only fixed fees, which are payable regardless of whether the Transactions are consummated, and will not receive any contingent fees payable upon the announcement or consummation of the Transactions. Taking into consideration the status of negotiations regarding the tender agreement between the Tender Offeror and Dalton Investments dated March 14, 2025 (the “Tender Agreement”), at a meeting of the Special Committee on February 27, 2025, the Special Committee confirmed that there were no issues in regard to the independence of the members of the Special Committee from Dalton Investments.

The Company’s board of directors consulted with the Special Committee regarding (A) the reasonableness of the purpose of the Transactions (including whether the Transactions contribute to the enhancement of the corporate value of the Company), (B) the fairness and appropriateness of the procedures relating to the Transactions, (C) the fairness and appropriateness of the terms and conditions of the Transactions, (D) whether the Company’s board of directors should express an opinion in favor of the Tender Offer and recommend the shareholders of the Company to tender their shares in the Tender Offer, and (E) in light of the matters stated from (A) to (D), whether the decision by the Company’s board of directors to implement the Transactions is detrimental to the interests of the Company’s general shareholders (hereinafter, these matters on which the Special Committee was consulted are collectively referred to as the “Consulted Matters”). In addition, when considering the Consulted Matters, the Special Committee decided to consider and decide on the pros and cons of the Transactions from the perspective of whether it would contribute to the enhancement of the corporate value of the Company, and to consider and decide on the appropriateness of the terms and conditions of the Transactions and the fairness of the procedures from the perspective of furthering the interests of the Company’s general shareholders. Furthermore, the Company’s board of directors has resolved that (i) the decisions of the Company’s board of directors regarding the Transactions, including whether to support the Tender Offer, will be made with the utmost respect to the opinion of the Special Committee, and (ii) if the Special Committee determines that the Transactions are not appropriate, the Company’s board of directors will not support the Transactions. In addition, the Company’s board of directors has resolved to: (a) authorize the Special Committee to be substantially involved in the process of negotiation between the Company and the Tender Offeror (including, where necessary, issuing instructions and making requests with respect to the policy regarding negotiations with the Tender Offeror and negotiating with the Tender Offeror on its own behalf); (b) authorize the Special Committee to appoint its own financial advisor or legal advisor, as necessary (in which case the Company shall bear the costs) or to appoint or approve (including ex-post facto approval) advisors such as the financial advisors and legal advisors for the Company in making considerations and decisions on the Consulted Matters; (c) authorize the Special Committee to receive from the Company’s officers and employees and such other persons as the Special

Committee deems necessary all information necessary to consider and make decisions concerning the Consulted Matters; and (d) grant the Special Committee other authorities in relation to such matters as the Special Committee deems necessary so as to consider and make decisions concerning the Transactions.

At the Company's board of directors meeting, such resolutions were unanimously adopted by the Company's directors who participated in the deliberation and resolution (nine (9) out of ten (10) directors of the Company, excluding Mr. Hiroshi Kaneda).

(B) Background of the Consideration

The Special Committee met a total of 17 times, for a total of approximately 26 hours, between November 5, 2024 and March 13, 2025, and carried out careful considerations and discussions with respect to the Consulted Matters by, among other actions, reporting to and sharing information with other members as well as deliberating and making decisions on the relevant matters through e-mail, telephone calls, web conferences, and the like from time to time as necessary between those meetings.

Specifically, on November 5, 2024, the Special Committee confirmed that there were no issues in regard to the independence or expertise of Resona Research Institute, the Company's financial advisor, and Mori Hamada, the Company's legal advisor, and approved their appointments as such, and on November 19, 2024, the Special Committee confirmed that there were no issues in regard to the independence or expertise of Plutus Consulting, the Company's third-party valuation institution, and approved its appointment as such. In addition, the Special Committee confirmed that there were no issues in regard to the independence or fairness of the Company's internal framework for consideration of the Transactions (including the scope of the Company's officers and employees involved in considering, negotiating, and making judgments regarding the Tender Offer and the duties thereof).

Based on explanations received from Mori Hamada and Resona Research Institute, the Special Committee considered the measures to be taken to ensure the fairness of the procedures in the Transactions, and on February 13, 2025, the Special Committee appointed AGS FAS as its own third-party valuation institution after confirming that there were no issues in regard to its independence or expertise.

Taking into consideration the status of negotiations regarding the Tender Agreement between the Tender Offeror and Dalton Investments, at a meeting of the Special Committee on February 27, 2025, the Special Committee confirmed that there were no issues in regard to the independence of the members of the Special Committee, Mori Hamada, the legal advisor of the Company, Resona Research Institute, the financial advisor of the Company, and AGS FAS, the Special Committee's own third-party valuation institution, from Dalton Investments, and at a meeting of the Special Committee on March 6, 2025, the Special Committee confirmed that there were no issues in regard to the independence of the Company's internal framework for examination and the independence of Plutus Consulting, the Company's third-party valuation institution, from Dalton Investments.

Based on the foregoing, in examining the Consulted Matters, the Special Committee received explanations from the Company regarding matters such as the background of the Transactions, details of its business and its business environment, performance history, principal management issues, and advantages and disadvantages to its business that are expected to result from the Transactions, and asked questions regarding those

matters. Further, the Special Committee sent questions in writing to the Tender Offeror, Etc., regarding matters such as the background and reasons for proposing the Transactions, the objectives of the Transactions, their evaluation of the Company's business, the terms and conditions of the Transactions, and the management policy after the Transactions and received a written response from the Tender Offeror, Etc.,. The Special Committee also received explanations directly from the Tender Offeror, Etc., regarding matters such as the background for proposing the Transactions and the significance and objectives of the Transactions, and asked questions regarding those matters.

The Special Committee received explanations from the Company and asked questions regarding matters such as the details of the Business Plan that forms the basis for the negotiations with the Tender Offeror, the significant conditions on which it was based, and the process of its preparation, then confirmed the reasonableness of those matters and approved the Business Plan. Based on the foregoing, as stated in "(i) Procurement by the Company of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Institution" and "(iv) Procurement by the Special Committee of a Share Valuation Report from an Independent Third-Party Valuation Institution" above, Plutus Consulting, the Company's third-party valuation institution, and AGS FAS, the Special Committee's own third-party valuation institution, conducted the share valuation of the Company Shares based on the details of the Business Plan. The Special Committee received explanations from Plutus Consulting and AGS FAS regarding the valuation methods used in the share valuation of the Company Shares they conducted, the reasons for adopting such valuation methods, details of the valuation using each valuation method, and the significant conditions on which it was based, and then confirmed the reasonableness of those matters after asking questions, deliberating on, and considering those matters. In addition, as stated in "(i) Procurement by the Company of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Institution" above, the Company has received the Fairness Opinion from Plutus Consulting, and the Special Committee received explanations from Plutus Consulting and asked questions regarding the procedures for issuing the Fairness Opinion and other matters.

In addition, the Special Committee received timely explanations from the Company and asked questions regarding the status of negotiations pertaining to the transaction terms and conditions of the Transactions, including on the Tender Offer Price between the Company, and the Tender Offeror, Etc.,. Further, the Special Committee received explanations from Mori Hamada, the Company's legal advisor, regarding the decision-making methods and processes of the Company's board of directors, and other considerations, including the procedures for the Transactions and asked questions concerning these points.

Further, after the Company received the initial proposal for the Tender Offer Price from the Tender Offeror, Etc., on February 6, 2025, each time the Company has received a proposal from the Tender Offeror, Etc., regarding the Tender Offer Price, the Special Committee has received timely reports from Resona Research Institute, the Company's financial advisor, on the contents, negotiation procedures, and the like of such proposals. The Special Committee has been deliberating and considering the contents of such proposals based on the opinions provided by Resona Research Institute, and after receiving explanations in advance from Resona Research Institute regarding the Company's negotiation policies with the Tender Offer and Mr. Hiroshi Kaneda and draft responses thereto, the Special Committee has also been internally discussing those negotiation policies and draft responses, approving

them after stating opinions thereon as necessary, and then submitting relevant instructions, requests, and the like to Resona Research Institute, which is in charge of the negotiations between the Company and the Tender Offer and Mr. Hiroshi Kaneda. As a result, the Company received proposals from the Tender Offeror on March 13, 2025 which included a proposal setting the Tender Offer Price at 3,580 yen per Company Share, which resulted in the Company receiving a total of 6 price increases, representing a 15.48% increase from the initial price offer (rounded to the second decimal place).

The Special Committee has received explanations from both Resona Research Institute and Mori Hamada, the Company's financial advisor and legal advisor, respectively, and asked questions regarding drafts such as those for the Opinion Press Release and has confirmed that sufficient information disclosure pertaining to such drafts will be provided.

(C) Details of the Judgment

As a result of its careful discussions and considerations with respect to the Consulted Matters based on the above discussions and considerations, the Special Committee unanimously approved and submitted a report (the "Report") to the Company's board of directors on March 14, 2025 as summarized below:

(a) Content of the Report

- (1) The Special Committee finds that the Transactions will contribute to enhancing the corporate value of the Company and that the objectives of the Transactions are reasonable.
- (2) The Special Committee finds that sufficient measures to ensure fairness have been taken through procedures to ensure the fairness of the terms and conditions of the Transactions and that the procedures relating to the Transactions are fair and appropriate from the perspective of promoting the interests of the Company's general shareholders.
- (3) The fairness and appropriateness of the terms and conditions of the Transactions, including the purchase price in the Tender Offer, have been ensured.
- (4) It is appropriate for the Company's board of directors to express an opinion in support of the Tender Offer and to express an opinion recommending that the Company's shareholders tender their shares in the Tender Offer.
- (5) Based on (1) through (4) above, the decisions of the Company's board of directors regarding the implementation of the Transactions (i.e., (a) the decision to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer and (b) the decision regarding privatization procedures through Squeeze-Out procedures to be conducted after the Tender Offer as part of the Transactions) are not disadvantageous to the Company's general shareholders.

(b) Reasons for the Report

- a. Reasonableness of Objectives of the Transactions
 - i. Business Environment of the Company Group
 - In regard to the Company's recognition of the business environment surrounding the Company Group stated in "(1) Purpose of and Reasons for Implementing the Share Consolidation" above, the Special Committee has no

fundamental objection, but it states that it has the following additional views. First, in regard to the business environment surrounding the Company Group, in the industrial synthetic resin products area, the overall market of the office automation area, which constitutes 50% or more of the Company Group's total sales, is expected to shrink, and there will certainly be impacts from the shift of the production plants of the Company Group's major transaction partners from China to Southeast Asia. In addition, in the automotive and electrical appliance areas in which the Company will focus its efforts moving forward, those areas currently account for a small share of the Company Group's sales (11% for the automotive area and 13% for the electrical appliance area in fiscal year 2023), and it is expected that it will take a reasonable amount of time before these areas increase their contributions to profits. In the housewares area, sales volumes in Japan for the storage products in the housewares area which have been considered as the Company's main products are declining, and it is difficult to expect future expansion in the Japanese market, it is expected to anticipate significant growth in the current form. In addition, in the Japanese housewares area, unstable raw material price fluctuations and high distribution costs are forecast to continue, and amid the resultant pressure on profits, a negative cycle in which raising prices leads to further declines in sales volumes is expected to continue into the future. Further, in the overseas housewares area as well, the Company has still not secured sufficient sales channels, and currently, there are some business locations of the Company's overseas subsidiaries that are only producing low profits and urgently require radical measures, and in the current state, it is difficult to consider that area quickly becoming a pillar of profit of the Company Group.

- Accordingly, the business environment surrounding the Company is extremely severe for each business area, and in the current state, future outlooks are pessimistic. The Special Committee therefore recognizes that it is necessary to implement radical measures for rehabilitation as soon as possible.
- ii. Management Issues of the Company Group
 - In regard to the management issues facing the Company Group, the Special Committee shares the same awareness as the Company stated in “(1) Purpose of and Reasons for Implementing the Share Consolidation” above, but under the business environment stated in i. above, although the Company Group is implementing management efforts to enhance corporate value based on the Medium-term Management Plan, the Special Committee believes that considering the severity of the business environment recognized by the Special Committee as stated in i. above, it is difficult to enhance corporate value from a medium- to long-term perspective without implementing drastic management reforms to overcome the above management issues.
 - The Special Committee considers that, in order to overcome this difficult situation, it is necessary to start the radical measures that the Company, as well as the Tender Offeror, Etc., envisage implementing after the Transactions as soon as possible. To do this, decisive decision-making under strong leadership is required, and it can be said that a management structure in which ownership and management by the founding family are united is suited to this.
- iii. Significance (Merits) and Demerits of the Transactions

- As stated in “(1) Purpose of and Reasons for Implementing the Share Consolidation” above, the Special Committee finds that the significance (merits) and demerits of the Transactions as recognized by the Company are mostly consistent with those recognized by the Tender Offeror, Etc., and the Special Committee does not disagree with that recognition and finds it to be based on reasonable analysis.
 - The Special Committee recognizes that the Company’s largest issue at present is its low-profit structure that produces an ROE of less than 4%, but it would be extremely difficult to implement radical measures to improve long-term profit structures while maintaining a DOE of 2.5% and continuing large-scale share buybacks, and that it would also be difficult for the market to accept temporary suspensions or reductions in those shareholder return initiatives in order to improve profit structure, and the Special Committee finds that it would be difficult or practically impossible to do so while maintaining the Company as listed. Therefore, the Special Committee considers the privatization of the Company Shares through the Transactions, through which it is anticipated that Mr. Hiroshi Kaneda, a member of the founding family, will be able to exercise strong leadership from a long-term perspective without being bound to the demands of the market, which do not necessarily align with the measures necessary for the Company’s long-term growth, to be necessary in order to take radical measures for the Company to achieve long-term profit structure improvements.
 - Given on the severity of the business environment surrounding the Company Group recognized by the Special Committee as stated in i. above, the Special Committee believes that the measures anticipated to be implemented by the Company and the Tender Offeror, Etc. after the Transactions (the details of which are as stated in “(1) Purpose of and Reasons for Implementing the Share Consolidation” above) are necessary and urgent in order to enhance the corporate value of the Company Group with a medium- to long-term perspective, and the Special Committee finds that it would be difficult or effectively impossible to promote those measures while maintaining the listing of the Company Shares. Therefore, the Special Committee believes that even taking into account the limited demerits of the Transactions, conducting the Transactions clearly has significance (merits) and is indeed necessary in order to enhance the corporate value of the Company Group over the medium to long term.
- iv. Summary
- Based on the above, the Special Committee finds that the Transactions are a valid option for improving the above management issues facing the entire Company Group and will contribute to enhancing the corporate value of the entire Company Group and that the objectives of the Transactions are therefore reasonable.
- b. Fairness and Appropriateness of Procedures for the Transactions
- The Special Committee finds that it is composed of three members who are outside directors independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, that a framework

has been ensured under which the Company's board of directors will conduct its decision-making while respecting to the maximum extent the judgment of the Special Committee, and that the Special Committee has been granted the authority, etc. necessary to effectively function as a measure to ensure fairness.

- The Special Committee can be found to have been substantially involved in the process of negotiations regarding the terms and conditions of the Transactions, such as the purchase price, between the Company and the Tender Offeror.
- The Company appointed Plutus Consulting as its third-party valuation institution independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company and obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion from Plutus Consulting.
- The Company appointed Mori Hamada as its legal advisor independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company and obtained necessary legal advice from Mori Hamada.
- The Company appointed Resona Research Institute as its financial advisor independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company and obtained financial advice from Resona Research Institute.
- The Special Committee appointed AGS FAS as its third-party valuation institution independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company and obtained the Share Valuation Report (AGS FAS) from AGS FAS.
- The framework for examining the Transactions established internally by the Company was based on advice from Mori Hamada, and the Special Committee approved that framework after confirming that there were no issues in regard to the independence or fairness thereof.
- Since receiving the Declaration of Intent from the Tender Offeror, in order to eliminate issues involving structural conflicts of interest, of the Company's directors, the Company has not permitted Mr. Hiroshi Kaneda, the representative director of the Tender Offeror, to be involved in any way in the process of preparing the business plan on which the valuation of the Company Shares was based or in the process of negotiations regarding the terms and conditions of the Transactions, including the Tender Offer Price, with the Tender Offeror on behalf of the Company, and the Company plans to not permit Mr. Hiroshi Kaneda to be involved in deliberations or resolutions at the meeting of the Company's board of directors that will deliberate on expressing an opinion in regard to the Tender Offer.
- Although the Company plans to execute an agreement with the Tender Offeror regarding the Tender Offer Period, the Tender Offeror and the Company do not plan to include therein any agreement, etc. that contains a transaction protection clause that prohibits the Company from having contact with counter offerors or any agreement restricting counter offerors from having contact with the Company, and it can be found that the Tender Offeror and the Company have given consideration to ensuring the fairness of the Tender Offer by not

impeding the opportunity for counter offers, etc.

- The purchase period in the Tender Offer is planned to be set to 30 business days, which is a relatively long period in comparison to the minimum period specified in laws and regulations, and doing so ensures an opportunity for the Company's shareholders to make appropriate judgments regarding whether or not to tender their shares in the Tender Offer and an opportunity for counter offerors to conduct counter offers for the Company Shares, and therefore, the Special Committee finds that an indirect market check will be performed. Although the Company has not performed an active market check that investigates whether there are potential offerors in the market, it is not easy to do so from the perspective of information management and due to other reasons, and as stated above, it can be found that substantial measures to ensure fairness have been taken in regard to the Transactions and that sufficient consideration has been given to the interests of the Company's shareholders through fair procedures.
- The Tender Offeror has not set the minimum number of tendered shares to be purchased in the Tender Offer at a MoM, but taking into account the high combined Ownership Ratio of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, and Dalton Investments (which plans to agree to tender its shares), each of which should not be included in the minority in the Transactions, it is assumed that the minimum number of tendered shares to be purchased would be set at a high level if the MoM approach was adopted in the Tender Offer. There are concerns that setting the minimum number of tendered shares to be purchased at a high level would impede the consummation of the Transactions, which are expected to contribute to enhancing the corporate value of the Company Group, and doing so can therefore be considered to not contribute to the interests of general shareholders; accordingly, the Special Committee finds a certain degree of reasonableness in the Tender Offeror's explanation to that effect. In addition, given that it can be found that substantial measures to ensure fairness have been taken in regard to the Transactions and that sufficient consideration has been given to the interests of the Company's shareholders through fair procedures, the Special Committee does not consider it necessary to view the Tender Offer as failing to ensure an opportunity for shareholders to make appropriate judgments due only to a MoM condition not being set.
- The Company plans to receive advice from Resona Research Institute and Mori Hamada and conduct substantial information disclosure in accordance with financial instruments and exchange laws and regulations and the timely disclosure standards of the Tokyo Stock Exchange while appropriately taking into consideration the "Fair M&A Guidelines" published by the Ministry of Economy, Trade and Industry on June 28, 2019.
- In the Transactions, if the Tender Offeror fails to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror, the treasury shares held by the Company, and the Shares Agreed Not to Be Tendered) in the Tender Offer, the Squeeze-Out Procedures will be implemented promptly after the completion of the settlement of the Tender Offer. It can be said that the legality of the Squeeze-Out Procedures

has also been ensured considering that no issue of coerciveness arises in the Transactions because methods which cannot ensure the right to claim for purchase of shares for the Company's shareholders will be not employed, and that even if the general shareholders receive consideration from the Tender Offer or the Squeeze-Out Procedures to be implemented after the completion of the Tender Offer, it will be announced that the receipt of the amount of consideration equal to the Tender Offer Price will be ensured.

- In addition to the above, there are no facts that presume that the Company was unduly influenced by the Tender Offeror in the course of discussions, deliberations, and negotiations concerning the Transactions. The Tender Offer Period will end at a close point of time prior to May 9, 2025, which is the scheduled announcement date of the Company's full-year financial results for the fiscal year ending March 2025. Given that the agreement concerning the Tender Offer Period will stipulate that the Tender Offeror will extend the Tender Offer Period in certain cases at the request of the Company in the event that, during the Tender Offer Period, the Company becomes aware of the occurrence or possibility of the occurrence of information that the Company reasonably determines to be important investment information for its shareholders to decide whether to tender their shares in the Tender Offer, it can be said that the Company can disclose such information and that the opportunity for the Company's shareholders to make an appropriate decision on whether to tender their shares in the Tender Offer has been secured. Therefore, the Tender Offer Period, which has been set to end at a close point of time prior to May 9, 2025, which is the scheduled announcement date of the Company's full-year financial results for the fiscal year ending March 2025, does not give rise to any question regarding the fairness thereof.
 - Based on the above, the Special Committee determined that sufficient measures to ensure fairness have been taken through procedures to ensure the fairness of the terms and conditions of the Transactions and that the procedures relating to the Transactions are fair and appropriate from the perspective of promoting the interests of the Company's general shareholders.
- c. Fairness and appropriateness of the terms and conditions of the Transactions
- The Special Committee received explanations from Plutus Consulting, a third-party valuation institution independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, on the valuation methods used in the share valuation of the Company Shares they conducted, the reasons for adopting such valuation methods, details of the valuation using each valuation method, and the significant conditions on which it was based, and also asked questions and deliberated on such matters. As a result, the Special Committee believes that the market price analysis, the comparable company analysis, and the DCF Method, which are the methods adopted by Plutus Consulting in calculating the share value, are generally accepted and reasonable methods in light of current practice. In addition, the Special Committee believes that the explanations of the methods for classifying business and non-business assets,

the methods for calculating corporate and other taxes, the basis for the discount rate, and the concept of necessary working capital in the DCF Method are also reasonable and that the calculation contents are appropriate in light of current practice. Accordingly, the Special Committee believes that the calculation contents in the Share Valuation Report (Plutus Consulting) are reasonable.

- The Special Committee received explanations from AGS FAS, the Special Committee's third-party valuation institution independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, Dalton Investments, and the Company, on the valuation methods used in the share valuation of the Company Shares they conducted, the reasons for adopting such valuation methods, details of the valuation using each valuation method, and the significant conditions on which it was based, and also asked questions and deliberated on such matters. As a result, the Special Committee believes that the market price analysis, the comparable company analysis, and the DCF Method, which are the methods adopted by AGS FAS, are generally accepted and reasonable methods in light of current practice. In addition, the Special Committee believes that the explanations of the methods for classifying business and non-business assets, the methods for calculating corporate and other taxes, the basis for the discount rate, and the concept of necessary working capital in the DCF Method are also reasonable, and that the calculation contents are appropriate in light of current practice. Accordingly, the Special Committee believes that the calculation contents in the Share Valuation Report (AGS FAS) are reasonable.
- In regard to the business plan that forms the basis for calculation using the DCF Method, at a meeting of the Special Committee on November 19, 2024, the Special Committee confirmed that the Business Plan to be presented to the Tender Offeror was prepared by persons independent of the Tender Offeror and the Shareholders Agreeing Not to Tender Shares, received explanations regarding matters such as the details of the Business Plan, the significant conditions on which it was based, and the process of its preparation, confirmed the reasonableness of those matters, and approved the Business Plan. As stated above, in regard to the business environment surrounding the Company Group, the overall market of the office automation area, which constitutes 50% or more of the Company Group's total sales, is expected to shrink, and there will certainly be impacts from the shift of the production plants of the Company Group's major transaction partners from China to Southeast Asia. In the housewares area, it is difficult to expect future expansion in the market in Japan or to anticipate significant growth in the current form. In the overseas housewares area as well, the Company has still not secured sufficient sales channels, and in the current state, it is difficult to consider that area quickly becoming a pillar of profit in the Company Group. The main factors placing pressure on profits in the domestic businesses due to unstable raw material price fluctuations and high distribution costs are expected to continue going forward. Given the severe business environment in which the Company finds itself, in terms of the Business Plan, it can be said that the Company cannot expect significant growth in either sales or operating income in the future. Because the actual figures for the fiscal year ending

December 2024 were sales of 76 billion yen and operating income of 1.59 billion yen, the Business Plan, which calls for sales of 111.5 billion yen and operating income of 5.2 billion yen in the fiscal year ending March 2029, is considered to be highly reasonable from the perspective of securing the interests of the Company's minority shareholders.

- As stated above, there are no particular unreasonable points in the preparation procedures or the details of the Business Plan, which forms the basis for the calculation using the market price analysis and the DCF Method in the Share Valuation Report (Plutus Consulting) and Share Valuation Report (AGS FAS), and in light of the valuation of the share value of the Company Shares in the Share Valuation Report (Plutus Consulting), the Tender Offer Price exceeds the range of the upper limit of the calculation results using the market price analysis and the comparable company analysis and is above the median of the calculation results based on the DCF Method. Based on these facts, the Tender Offer Price is considered to be at a reasonable level as the interests to be enjoyed by the Company's general shareholders. In addition, in light of the valuation of the share value of the Company Shares in the Share Valuation Report (AGS FAS), the Tender Offer Price exceeds the range of the upper limit of the calculation results using the market price analysis and is above the median of the calculation results based on the DCF Method. Based on these facts, the Tender Offer Price is considered to be at a reasonable level as the interests to be enjoyed by the Company's general shareholders.
- The Company has obtained the Fairness Opinion from Plutus Consulting, and Plutus Consulting has stated its opinion to the effect that the Tender Offer Price is fair to the Company's minority shareholders from a financial perspective.
- The Fairness Opinion was issued by Plutus Consulting, which possesses sophisticated expertise in finance, from an independent position based on the result of the Company's share valuation calculated after receiving disclosures of information such as the current state of business and future business plan from the Company and receiving explanations thereof, as well as question-and-answer sessions with the Company concerning the outline, background, and purpose of the Tender Offer, examinations of factors such as the Company's business environment, the economy, markets, and financial landscape conducted to the extent deemed necessary by Plutus Consulting, and the review procedures carried out by an examination committee independent of Plutus Consulting's engagement team, and no unreasonable points were found in the Fairness Opinion. In addition, as stated above, no unreasonable points were found in the method and contents of the share valuation conducted by Plutus Consulting, which was used as a reference when submitting the Fairness Opinion. Therefore, the Special Committee found no unreasonable points in the issuance procedures and contents of the Fairness Opinion.
- Using March 13, 2025, the business day immediately preceding the announcement date of the Tender Offer, as a reference date, the Tender Offer Price of 3,580 yen includes a premium of 36.64% on 2,620 yen, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date, a premium of 35.55% on 2,641 yen, the simple average closing price for the preceding one-month period, a premium of

29.95% on 2,755 yen, the simple average closing price for the preceding three-month period, and a premium of 27.13% on 2,816 yen, the simple average closing price for the preceding six-month period, and when compared to the medians of premiums in 74 MBO transactions for the purpose of taking the Company private that were announced on or after June 28, 2019, the date on which the Ministry of Economy, Trade and Industry published the Fair M&A Guidelines, and in which the tender offer was consummated on or before January 31, 2025 (however, excluding transactions in which the Company was insolvent and tender offers in which the price represents a discount on share value), can not necessarily be considered to be at a high level; however, given the high degree of necessity of the Transactions in regard to the corporate value of the Company Group based on the severe business and management environment surrounding the Company, it is not necessarily appropriate to determine that the Transactions should not be conducted if the premiums are not at the same level as the medians of premiums in other MBO transactions, and as stated in (i) above, the premiums can be considered to not be unreasonable in light of the results of the valuation of the Company Shares stated in the Share Valuation Report (Plutus Consulting) performed based on the Business Plan, which reflects that environment, and furthermore, as stated above, the Tender Offer Price includes a premium of 25.00% or more on the closing price of the Company Shares on the reference date, which is the day immediately preceding the announcement date of the Tender Offer, and on the simple average closing prices for the preceding one-month, three-month, and six-month periods; therefore, the premiums included in the Tender Offer Price can be considered to have reached a certain level.

- The Company and the Special Committee have continuously engaged in discussions and negotiations with the Tender Offeror, Etc.; therefore, it can be evaluated that earnest and continuous discussions and negotiations between the Special Committee and the Tender Offeror, Etc. have been conducted.
- In the Transactions, the Tender Offeror, Etc. proposed a two-step acquisition method whereby conducting a tender offer would be the first step and a share consolidation would be the second step, and such method is reasonable and a commonly adopted method in this type of transaction for taking a company private, especially in a going-private transaction conducted in manner where existing shareholders above a certain standard with strong mutual connections will continue to be shareholders of the Company. In addition, it will be announced that it is ensured that general shareholders will receive consideration equal to the Tender Offer Price, regardless of whether they receive consideration through the Tender Offer or the share consolidation to be conducted after the completion of the Tender Offer. It will also be possible for the Company's shareholders to dispute the price of their shares by filing a petition for the determination of the purchase price after requesting the purchase of their shares. While it may be possible to conduct a share exchange as a method of transaction for making the Company a wholly-owned subsidiary, since the Tender Offeror is a private company and its shares cannot be used as consideration, and given that a share exchange with cash as

consideration would be inefficient from the perspective of taxation, the Special Committee does not believe that it is reasonable to choose the method of a share exchange. Therefore, no unreasonable points were found in the method of the Transactions.

Based on the above, the Special Committee determined that the fairness and appropriateness of the terms and conditions of the Transactions, including the purchase price in the Tender Offer, have been ensured from the perspective of promoting the interests of the Company's general shareholders.

- d. Whether the Company's board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer

As stated in a. above, the Special Committee finds that the Transactions will contribute to enhancing the corporate value of the Company and that the objectives of the Transactions are reasonable. As stated in b. above, the Special Committee also finds that the interests of the Company's general shareholders have been fully taken into account because fair and appropriate procedures have been performed, and as stated in c. above, the fairness and appropriateness of the terms and conditions of the Transactions, including the purchase price in the Tender Offer, have been ensured.

Therefore, the Special Committee believes that it is appropriate for the Company's board of directors to express an opinion in support of the Tender Offer and to express an opinion recommending that the Company's shareholders tender their shares in the Tender Offer.

- e. Whether the decisions of the Company's board of directors regarding the implementation of the Transactions is disadvantageous to the Company's general shareholders based on the points listed in a. through d. above

As stated in a. above, the Special Committee finds that the Transactions will contribute to enhancing the corporate value of the Company and that the objectives of the Transactions are reasonable. As stated in b. above, the interests of the Company's general shareholders have been fully taken into account because fair and appropriate procedures have been performed, and as stated in c. above, the fairness and appropriateness of the terms and conditions of the Transactions, including the purchase price in the Tender Offer, have been ensured.

Therefore, the Special Committee believes that the decisions of the Company's board of directors regarding the Transactions (i.e., (a) the decision to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer and (b) the decision regarding privatization procedures through Squeeze-Out procedures to be conducted after the Tender Offer as part of the Transactions) are not disadvantageous to the Company's general shareholders.

- (vi) Establishment by the Company of an Independent Consideration Framework

In order to address the issue of structural conflicts of interest and the issue of information asymmetry in the Transactions, eliminate arbitrariness in the decision-making process of the Company's board

of directors, and ensure the fairness, transparency, and objectivity of the Transactions, the Company has established an internal structure to review, negotiate, and make decisions concerning the Transactions, independently from the Tender Offeror and the Shareholders Agreeing Not to Tender Shares.

After its receipt of the Declaration of Intent from the Tender Offeror on October 15, 2024, from the perspective of eliminating structural conflict of interest issues, the Company decided, in its position, not to have Mr. Hiroshi Kaneda, the representative director of the Tender Offeror, be involved in the process of creating the Business Plan that forms the basis for the valuation of the Company Shares or the process of negotiating with the Tender Offeror the terms and conditions of the Transactions, including the Tender Offer Price. Further, the entire review structure consists solely of 13 officers and employees (meaning all nine (9) directors excluding Mr. Hiroshi Kaneda and four (4) employees) who have been deemed to be independent of the Tender Offeror, the Shareholders Agreeing Not to Tender Shares, and Dalton Investments, and such treatment has been maintained up until today.

Further, in addition to such treatment, the review structure for the Transactions established within the Company, specifically, the scope and duties of the officers and employees who are involved in the considerations, negotiations, and decision-making concerning the Transactions (including duties requiring a high degree of independence such as the preparation of the Business Plan which served as the basis for evaluating the share value of the Company), are based on the advice obtained from Mori Hamada, and the Special Committee has acknowledged that the review structure is free from any issues regarding its independence.

- (vii) Unanimous Approval by All of the Non-Interested Directors (including Audit Committee Members) of the Company

By (a) taking into account the advice from a financial perspective received from Resona Research Institute and Plutus Consulting, the content of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion obtained from Plutus Consulting on March 13, 2025, and the legal advice on the points to be noted in decision-making for the Transactions, including the Tender Offer, received from Mori Hamada and (b) respecting to the utmost extent the content of the Report submitted by the Special Committee, the Company conducted careful deliberations and considerations from perspectives including whether the Transactions would contribute to the enhancement of the corporate value of the Company and whether the terms and conditions of the Transactions were appropriate.

As a result, at the board of directors meeting held on March 14, 2025, all directors of the Company participating in the deliberations and resolutions (nine (9) out of ten (10) directors of the Company, excluding Mr. Hiroshi Kaneda) determined that (a) the Transactions, including the Tender Offer, would contribute to the enhancement of the corporate value of the Company, (b) the transaction terms and conditions of the Transactions, including the Tender Offer Price (3,580 yen), were reasonable, and (c) the Tender Offer would offer a reasonable opportunity to the shareholders of the Company to sell their shares, and they unanimously adopted a resolution to express an opinion in support of the Tender Offer and to recommend that all shareholders of the Company tender their shares in the Tender Offer.

Further, as stated above, because the Tender Offer has been successfully completed, the Company has, in response to a request from the Tender Offeror, Etc. and based on the abovementioned considerations, adopted, by the unanimous decision by the Company's directors who participated in the deliberation and resolution (nine (9) out of ten (10) directors of the Company, excluding Mr. Hiroshi Kaneda) at the Company's board of directors meeting held on June 13, 2025, a resolution

to propose the Share Consolidation at the Extraordinary Shareholders' Meeting aimed at ultimately making the Tender Offeror and the Shareholders Agreeing Not to Tender Shares the only shareholders of the Company, subject to the approval of the shareholders at the Extraordinary Shareholders' Meeting.

(viii) Securing Objective Conditions to Ensure the Fairness of the Tender Offer

The Tender Offeror set the purchase period for the Tender Offer (the "Tender Offer Period") at 30 business days, while the minimum period required by laws and regulations is 20 business days. The Tender Offeror intends to ensure the fairness of the Tender Offer Price by setting a relatively long Tender Offer Period in comparison to the minimum period required by laws and regulations to ensure that all of the shareholders of the Company have an appropriate opportunity to consider and decide whether to tender their shares in the Tender Offer and to ensure that any counter offeror has an opportunity to make a counter offer for the Company Shares.

The Tender Offeror and the Company did not enter into any agreement that may restrict the Company from contacting any persons proposing a counter offer, including any agreement providing a transaction protection clause that may restrict the Company from contacting a person proposing a counter offer. In these ways, the Tender Offeror has given consideration to ensuring the fairness of the Tender Offer by securing an opportunity for a counter offer and setting the Tender Offer Period as mentioned above.

(3) Matters Concerning the (Handling of Fractions) Method when the Handling of Fractions less than One Share is Expected

(i) Whether the Company Intends to Handle Fractions Pursuant to the Provisions of Article 235, Paragraph 1 of the Companies Act, or Article 234, Paragraph 2 as Applied *Mutatis Mutandis* Pursuant to Article 235, Paragraph 2 of the Same Act, and the Reason Therefor

As stated in "(1) Purpose of and Reasons for Implementing the Share Consolidation" above, it is planned that, through the Share Lending Transactions and the Share Consolidation, the Company Shares held by shareholders other than the Tender Offeror, Etc., will become fractional shares less than one share.

With respect to fractional shares less than one share resulting from the Share Consolidation, shares equal to the total number of such fractional shares will be sold in accordance with Article 235 of the Companies Act and other applicable laws and regulations (in accordance with Article 235, Paragraph 1 of the Companies Act, if the total number of such fractional shares includes a fraction of less than one share, such fraction will be discarded), and the proceeds obtained through such sale will be delivered to the shareholders in proportion to their fractional shares. With respect to such sale, in light of the fact that the Share Consolidation is to be carried out as part of the Transactions aiming to ultimately make the Tender Offeror and the Shareholders Agreeing Not to Tender Shares the only shareholders of the Company, and that the Company Shares will be delisted as of August 18, 2025 and will become non-listed shares, it is unlikely that a new buyer will appear through an auction process, and thus it is planned that the shares will be purchased by the Tender Offeror with the permission of the court pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act applied *mutatis mutandis* under Article 235, Paragraph 2 of the same Act.

The sale price in such case, if the above permission of the court is obtained as planned, is planned to be set at a price that makes it possible to deliver to each shareholder cash in the amount obtained by multiplying the number of Company Shares held by the shareholder by 3,580 yen, which is the same amount as the Tender Offer Price.

- (ii) Name of the Party that is Likely to Become the Purchaser of the Shares Pertaining to the Sale
FHL Holdings Inc. (the Tender Offeror)
- (iii) Manner by which a Party that is Expected to Purchase the Shares Pertaining to the Sale Secures Funds for Payment of the Purchase Price Pertaining to the Sale, and the Adequacy of Such Method
As stated in “(i) Overview of the Tender Offer” in “(2) Grounds and Reasons for Opinion on the Tender Offer” under “3. Substance of and Grounds and Reasons for Opinions Relating to the Tender Offer” in the Opinion Press Release, the Tender Offeror intends to finance the funds required for the settlement of the Tender Offer by borrowing funds from Sumitomo Mitsui Banking Corporation. The Company has confirmed the method of the Tender Offeror to secure the funds by confirming the Tender Offer Registration Statement submitted by the Tender Offeror on March 17, 2025 and a loan certificate dated March 14, 2025 attached thereto in the procedures to implement the Transactions. In addition, according to the Tender Offeror, the Tender Offeror intends to finance the payment of the sale price of the Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation from such funds, and no event has occurred that might hinder the Tender Offeror’s payment of the sale price for the Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation, and the Tender Offeror is not aware of any possibility of such an event occurring in the future.

Therefore, the Company has determined that the method of securing funds for the payment of the sale price for the Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation is appropriate.

- (iv) Timing of the Sale and the Expected Timing of the Delivery of Proceeds from the Sale to the Shareholders

The Company intends to petition the court for permission to sell the amount of Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation and have the Tender Offeror purchase the relevant Company Shares by around early-September 2025 pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act applied *mutatis mutandis* under Article 235, Paragraph 2 of the same Act. The timing of obtaining such permission may vary depending on the circumstances of the court, but the Company expects to sell the Company Shares by way of having the Tender Offeror purchase the relevant Company Shares by around early-October 2025 with the permission of the court, and after making the necessary preparations to deliver the proceeds of the sale to the shareholders, the Company expects to deliver those proceeds to the shareholders from around mid-November until mid-December 2025. In consideration of the period required for the series of procedures relating to the sale from the effective date of the Share Consolidation, the Company has determined that at the timing of each aforementioned procedure, the Company Shares equivalent to the total number of fractional shares less than one share resulting from the Share Consolidation will be sold and the proceeds thereof will be delivered to the shareholders.

- (4) Amount Expected to be Delivered to the Shareholders through the Company’s Handling of Fractions and Matters Concerning the Appropriateness of Such Amount

As stated in (3) Matters Concerning the (Handling of Fractions) Method when the Handling of Fractions less than One Share is Expected” above, the monetary amount expected to be delivered to the shareholders as a result of the handling of fractions will be the amount obtained by multiplying the number of Company Shares held by a shareholder by 3,580 yen, which is the same amount as the Tender Offer Price.

In addition, the Company judged that the Tender Offer Price of 3,580 yen is appropriate and provides the shareholders of the Company a reasonable opportunity to sell the Company Shares at a price that includes an appropriate premium based on factors such as that (i) of the results of the valuation of the Company Shares stated in the Share Valuation Report (Plutus Consulting) stated in “(i) Procurement by the Company of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Institution” under “(2) Matters to be Noted so that the Interests of the Shareholders Other than the Parent Company (if any) are Not Impaired” above, the Tender Offer Price (a) exceeds the upper limit of the range of valuation results based on the market price analysis, (b) exceeds the upper limit of the range of valuation results based on the comparable company analysis, and (c) exceeds the median of the range of valuation results based on the DCF Method, (ii) using March 13, 2025, the business day immediately preceding the announcement date of the Tender Offer, as a reference date, the Tender Offer Price includes a premium of 36.64% on 2,620 yen, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange (the same shall apply hereinafter) on the reference date, a premium of 35.55% on 2,641 yen, the simple average closing price for the preceding one-month period, a premium of 29.95% on 2,755 yen, the simple average closing price for the preceding three-month period, and a premium of 27.13% on 2,816 yen, the simple average closing price for the preceding six-month period, and when compared to the medians of premiums on the closing price on the day immediately preceding the announcement date and the simple average closing prices for the preceding one-month, three-month, and six-month periods in 74 MBO transactions for the purpose of taking the target company private that were announced on or after June 28, 2019, the date on which the Ministry of Economy, Trade and Industry published the “Fair M&A Guidelines,” and in which the tender offer was consummated on or before January 31, 2025 (however, excluding transactions in which the target company was insolvent and tender offers in which the price represents a discount on share value) (such medians were 42.44% on the closing price on the day immediately preceding the announcement date and 45.18%, 45.80%, and 49.27% on the simple average closing prices for the preceding one-month, three-month, and six-month periods, respectively), the premiums included in the Tender Offer Price can not necessarily be considered to be at a high level; however, given the high degree of necessity of the Transactions in regard to the corporate value of the Company Group based on the severe business and management environment surrounding the Company, it is not necessarily appropriate to determine that the Transactions should not be conducted if the premiums are not at the same level as the medians of premiums in other MBO transactions, and as stated in (i) above, the premiums can be considered to not be unreasonable in light of the results of the valuation of the Company Shares stated in the Share Valuation Report (Plutus Consulting) performed based on the Business Plan, which reflects that environment, and furthermore, as stated above, the Tender Offer Price includes a premium of 25.00% or more on the closing price of the Company Shares on the reference date, which is the day immediately preceding the announcement date of the Tender Offer, and on the simple average closing prices for the preceding one-month, three-month, and six-month periods; therefore, the premiums included in the Tender Offer Price can be considered to have reached a certain level, (iii) the Company finds that consideration has been given to the interests of its general shareholders by means such as taking the measures to ensure the fairness of the Tender Offer and measures to avoid conflict of interest stated in “(2) Matters to be Noted so that the Interests of the Shareholders Other than the Parent Company (if any) are Not Impaired” above, (iv) the Tender Offer Price was determined after taking the above measures and following discussions and negotiations between the Company and the Tender Offeror equivalent to those in an arms-length transaction on multiple occasions with the substantial involvement of the Special Committee, and (v) as stated in “(v) Establishment of an Independent Special Committee and Procurement of a Report from such

Special Committee by the Company” under “(4) Matters to be Noted so that the Interests of the Shareholders Other than the Parent Company (if any) are Not Impaired” above, the Report obtained from the Special Committee states that the Special Committee finds the Tender Offer Price to be appropriate. The Tender Offer Price is 10.52% below the Company’s net assets per share as of December 31, 2024 (4,001.01 yen), but under accounting principles generally accepted as fair and appropriate, the Company has prepared a consolidated balance sheet on the premise that it is a going concern, and the net assets stated therein do not indicate the Company’s theoretical liquidation value. In addition, the Company’s assets include many business assets with low liquidity such as inventory assets, factory land and buildings, and intangible fixed assets including goodwill (the ratio of assets falling under those categories (i.e., merchandise and finished goods (3,516,965,000 yen), work in process (696,186,000 yen), raw materials and supplies (4,738,130,000 yen), tangible fixed assets related to factories (31,084,268,000 yen), and intangible fixed assets (3,415,789,000 yen)) to the total assets (101,921,451,000 yen) stated in the Company’s consolidated balance sheet (as of March 31, 2024) is 42.63%), and taking into consideration factors such as the difficulty of selling such assets and the various additional costs that would arise upon liquidation, a significant level of impairment on book value is expected if the Company were liquidated (however, the Company is not planning to liquidate and therefore has not obtained any estimate or performed any specific estimate based on the assumption that it will do so). Therefore, the Special Committee does not consider it reasonable to emphasize net assets when calculating the corporate value of the Company as a going concern.

The Company has determined that the Transactions will contribute to enhancing the corporate value of the Company and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Therefore, at a meeting of the Company’s board of directors held on March 14, 2025, the Company resolved to express an opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer. The Company has subsequently confirmed that there has been no material change in the terms and conditions on which the decision on the Tender Offer Price by the Company was based up to the time when the board of directors meeting of the Company held on June 13, 2025, at which the Company resolved to convene the Extraordinary Shareholders’ Meeting.

Based on the above, the Company has determined that the methods of handling fractional shares and the amount expected to be delivered to shareholders through the handling of fractional shares are reasonable.

3. Disposal of Substantial Assets, Assumption of Material Debts, and Other Events that will Substantially Affect the Status of the Company’s Assets that occurred after the Last Day of the Latest Business Year at the Company

As stated in “(1) Purpose of and Reasons for Implementing the Share Consolidation” under “2. Matters Concerning the Appropriateness of the Provisions on the Matters Listed in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act” above, the Tender Offeror conducted the Tender Offer from March 17, 2025 until April 28, 2025, and as a result came to hold 12,996,444 shares of the Company Shares as of May 9, 2025 (the commencement date of the settlement of the Tender Offer).

In addition, as stated in the “Notice Regarding Revision of Final Dividend Forecast for the Fiscal Year Ending March 2025 (Cancellation of Dividend) and Abolishment of Shareholder Benefit Program” released on March 14, 2025, at the board of directors meeting held that same day, the Company passed a resolution to not distribute any final dividends for the fiscal year ending March

Translation

2025 and to abolish the shareholder benefit program. See the notice for details.

Further, at the board of directors meeting held on June 13, 2025, the Company adopted a resolution to cancel 2,130,903 shares of its treasury stock (representing all treasury stocks held by the Company as of May 27, 2025) on August 19, 2025. The cancellation of such treasury stock is subject to the approval of the proposal regarding the Share Consolidation as-is at the Extraordinary Shareholders' meeting, and after such cancellation, the total number of issued shares of the Company will be 20,182,123 shares.

End