February 2, 2023

To whom it may concern:

Company: Nissin Electric Co., Ltd.
Representative: Yoshihiro Matsushita
Representative Director and President
(Securities Code: 6641, Tokyo Stock Exchange, Prime Market)
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Announcement of Opinion in Support of the Tender Offer for the Company Stock by Controlling Shareholder Sumitomo Electric Industries, Ltd. and Recommendation to Tender Shares

Nissin Electric Co., Ltd. (the "Company") hereby announces that it has resolved, at a Board of Directors meeting held today, to express its opinion in support of the tender offer (the "Tender Offer") for the Company's common stock (the "Company Stock") to be conducted by Sumitomo Electric Industries, Ltd. (the "Tender Offeror"), our controlling shareholder (parent company), and to recommend that the shareholders of the Company tender their shares in the Tender Offer as described below.

The resolution of the Board of Directors stated above was adopted on the assumption that the Tender Offeror intends to make the Company its wholly owned subsidiary through the Tender Offer and a series of subsequent procedures and that the Company Stock will be delisted.

1. Overview of the Tender Offeror

(1)	Name	Sumitomo Electric Industries, Ltd.	
(2)	Address	Sumitomo Building, 5-33, Kitahama 4-chome, Chuo-ku, Osaka-shi, Osaka	
(3)	Name and title of representative	Osamu Inoue, President & COO	
(4)	Business outline	Automotive, Info-communications, Electronics, Environment & Energy, Industrial Materials, and other businesses	
(5)	Capital stock	99,737 million yen (as of September 30, 2022)	
(6)	Date of establishment	December 10, 1920	
(7)	Major shareholders and shareholding ratios (as of September 30, 2022) (Note 1)	The Master Trust Bank of Japan, Ltd. (trust account)	17.21 %
		Custody Bank of Japan, Ltd. (trust account)	9.05 %
		Nippon Life Insurance Company	3.17 %
		SUMITOMO LIFE INSURANCE COMPANY	1.99 %
		The Master Trust Bank of Japan, Ltd. (trust account J)	1.61 %

		STATE STREET BANK WEST CLIENT - TREATY 505234 1.53 % Kochi Shinkin Bank 1.45 % CEP LUX-ORBIS SICAV 1.37 % JP MORGAN CHASE BANK 385781 1.30 % Custody Bank of Japan, Ltd. (trust account 4) 1.25 %
(8) Relationship between the Listed Company and the Company		
	Capital relationship	The Tender Offeror holds 54,991,175 shares of the Company Stock (ownership ratio: 51.45 %) (Note 2).
	Personnel relationship	As of today, none of the officers or employees of the Company has any concurrent position at the Tender Offeror. However, three out of six directors of the Company and one out of five audit and supervisory board members are from the Tender Offeror. Furthermore, two employees of the Company are on secondment to the Tender Offeror, and five employees of the Tender Offeror are on secondment to the Company.
	Business relationship	The Company sells the Company products and pays dividends to, and purchases power cables and other products and receives joint development expenses from the Tender Offeror.
	Status as related Party	The Tender Offeror is the parent company of the Company, and therefore regarded as a related party of the Tender Offeror.

(Note 1) Information in “Major shareholders and shareholding ratios” is based on the “Status of Major Shareholders” in the second quarterly securities report for the 153th term submitted by the Tender Offeror on November 7, 2022.

(Note 2) The “ownership ratio” refers to the ratio of the number of shares (106,874,395 shares) obtained by deducting (i) the number of treasury shares (958,050 shares) held by the Company on December 31, 2022, as listed in the Consolidated Financial Report (Japanese Standards) for the Nine Months Ended December 31, 2022 (the “Company Financial Report”) published by the Company as of January 31, 2023, from (ii) the total number of shares (107,832,445 shares) issued by the Company as of December 31, 2022, as listed in the said Company Financial Report (rounded to two decimal places; the same applies below).

2. Purchase Price

1,700 yen per share of the Company Stock (the “Tender Offer Price”)

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

(1) Details of the Opinion on the Tender Offer

The Company resolved at its Board of Directors meeting held today to determine based on the grounds and reasons described in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below that a transaction aimed at making the Company a wholly owned subsidiary of the Tender Offeror (including the Tender Offer; the “Transaction”) will contribute to the enhancement of the corporate value of the Company and provide shareholders of the Company with a reasonable opportunity to sell their shares of the Company, to express an opinion in support of the Tender Offeror, and to recommend that the shareholders of the Company tender their shares in the Tender Offer.

The Board of Directors passed the above resolution in the manner described in “⑦ Approval of All Directors of the Company and Opinion of All Audit and Supervisory Board Members of the Company That They Have No Objections” of “(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender

Offer Price and to Avoid Conflicts of Interest” below.

(2) Grounds and Reasons for the Opinion on the Tender Offer

① Overview of the Tender Offer

The Company received an explanation from the Tender Offeror on the overview of the Tender Offer as follows.

As of today, the Tender Offeror owns 54,991,175 shares (ownership ratio of 51.45 %) of the Company Stock listed on the Prime Market of the Tokyo Stock Exchange (the “Tokyo Stock Exchange”), making the Company a consolidated subsidiary. At the Board of Directors meeting held on February 2, 2023, the Tender Offeror passed a resolution to execute a Tender Offer for all shares of the Company Stock (note that this excludes any Company Stock owned by the Tender Offeror, and any treasury stock owned by the Company).

The Tender Offeror has set 16,258,425 shares (ownership ratio: 15.21 %) as the minimum number of shares to be purchased under the Tender Offer. If the total number of shares tendered for sale (the “Tendered Shares”) in response to the Tender Offer fails to meet the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Shares. Meanwhile, as mentioned above, the intention of the Tender Offeror is to acquire all the Company Stock (excluding any Company Stock owned by the Tender Offeror, and any treasury stock owned by the Company). Given this, it has not set a maximum number of shares to be purchased and, provided that the number of Tendered Shares is at least the “minimum number of shares to be purchased,” the Tender Offeror will purchase all the Tendered Shares.

Note that the minimum number of shares to be purchased is set to ensure that, upon the successful completion of the Tender Offer, the Tender Offeror will hold a sum total of at least two-thirds of the total number of voting rights (1,068,743 votes) in the Company (calculated on the number of shares (106,874,395 shares) obtained by deducting (i) the number of treasury shares (958,050 shares) owned by the Company on December 31, 2022, as listed in the Company Financial Report, from (ii) the total number of shares (107,832,445 shares) issued by the Company as of December 31, 2022, as listed in the Company Financial Report.)

The aim of the Tender Offeror is to make the Company its wholly owned subsidiary. Consequently, in the event that the Tender Offeror is unable to acquire all of the Company Stock (excluding any Company Stock owned by the Tender Offeror, and any treasury stock owned by the Company) in this Tender Offer, it plans to do so by executing a series of procedures (the “Squeeze-out Procedures”), as detailed in “(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)” to ensure that it becomes the sole shareholder of the Company. As of today, the Company Stock is listed on the Prime Market of the Tokyo Stock Exchange. However, depending on the outcome of the Tender Offer, it may be delisted using the prescribed procedures listed below in “(4) Prospect of Delisting and Reasons Therefor.” Alternatively, if it is decided to execute the various procedures listed below in “(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)” then it will be delisted using the relevant, prescribed procedures.

② Background, Purpose, and Decision-Making Process of the Tender Offeror’s Decision to Implement the Tender Offer

The Company received an explanation from the Tender Offeror on the background, purpose, and decision-making process of the Tender Offeror’s decision to implement the Tender Offer as follows.

(i) Background to the Tender Offer

The Tender Offeror was founded by Sumitomo Head Office in April 1897 as the Sumitomo Copper Rolling Works, manufacturing copper wire, etc. In August 1911, it split from Sumitomo Copper Rolling Works, to become Sumitomo Electric Wire & Cable Works, a company that manufactured electric wire, before restructuring as Sumitomo Electric Wire & Cable Works Co., Ltd., in December 1920, and becoming incorporated as a separate company from Sumitomo General Head Office. It subsequently changed its trade name to Sumitomo Electric Industries, Ltd. in November 1939. In May 1949, the company's stock was listed on the First Section of the Tokyo Stock Exchange, the First Section of the Osaka Securities Exchange Co., Ltd., (the "Osaka Securities Exchange") and the First Section of the Nagoya Stock Exchange Co., Ltd., (the "Nagoya Stock Exchange") and, in June of the same year, on the main market of the Securities Membership Corporation Fukuoka Stock Exchange (the "Fukuoka Stock Exchange"). Following the move to new market segmentation at the Tokyo Stock Exchange on April 4, 2022, the company is currently listed on the Tokyo Stock Exchange's Prime Market; the Nagoya Stock Exchange's Premier Market; and the Fukuoka Stock Exchange's main market. The Tender Offeror's basic policy remains unchanged and promotes fair business activities governed by a high standard of corporate ethics that are based on the "Sumitomo Spirit" and the "Sumitomo Electric Group Corporate Philosophy." From its founding to the present day, the Tender Offeror has expanded its areas of operation, creating new products and technologies through research and development based on electric wire and cable manufacturing technology, and the challenge of new business segments.

As of today, the Tender Offeror Group (meaning the Tender Offeror and its consolidated subsidiaries and equity-method affiliates; hereinafter the same) consists of the Tender Offeror, 383 consolidated subsidiaries (including the Company), and 32 equity method affiliates, and it is involved in developing business activities such as product development, manufacturing, sales, and services, etc., across its five divisions; these being Automotive, Info-communications, Electronics, Environment & Energy, and Industrial Materials.

The market environment surrounding the Tender Offeror Group is changing rapidly in the "Information & Communications Sector" and "Mobility Sector", etc., to say nothing of the "Energy Sector", given the global trend toward decarbonization and carbon neutrality and the development of information and communications technology; and the group recognizes that the business environment surrounding the electric power industry in particular is in a period of dramatic upheaval. The opinion is that, moving forward, the business environment will be even more uncertain as these environmental changes accelerate further, and the group needs to be able to respond to risks that are difficult to predict; risks that include the situation in Ukraine and the prolonged risk of infection from COVID-19, as well as the soaring price of crude oil and raw materials, and disruptions to logistics and supply chains. In order to achieve steady growth in such a business environment, the Tender Offeror has repeatedly considered various ways to improve its medium- to long-term corporate value in the entire Tender Offeror Group, including the ideal arrangement for the group's management. As a result, in May 2022 the "Sumitomo Electric Group 2030 Vision" was established as a long-term vision for 2030 (the "Long-term Vision") to show the aims of the Tender Offeror Group. In the Long-term Vision, the purpose of the Tender Offeror Group is defined as "pursuing top technology that connects and supports society by promoting innovation; and using the group's integrated power to contribute to a better society." In addition, in terms of business areas, the Tender Offeror Group is focusing on three sectors: namely, the "Energy Sector" where renewable energy and distributed power sources (Note 1) are expected to be introduced on a large scale; the "Information & Communications Sector" that is expected to increasingly need higher speeds and larger capacity for communications, accompanied by lower levels of power consumption; and the "Mobility Sector" that is expected to see electronic developments and the emergence of new mobility initiatives, as well as greater links between automotives and external services. The group's policy is to utilize its technical expertise in each of the three focal sectors and use the collective strength of the group to meet market expectations, capturing the needs of social change such as GX (Note 2), DX (Note 3) and CASE (Note 4).

(Note 1) This refers to systems that supply power by distributing relatively small power generators close to areas of consumption.

(Note 2) GX is an abbreviation for Green Transformation, which means transforming the socio-economic system and industrial infrastructure by switching from the use of fossil fuels and electric power that create greenhouse gas emissions to clean, renewable energy that does not create greenhouse gases (such as carbon-free gases, solar power and wind power).

(Note 3) DX is an abbreviation for Digital Transformation, which means combining data and digital technology to transform all kinds of things, including products, services and business models, in order to create a competitive advantage.

(Note 4) This is a coined term that combines the initials of the important elements showing the future trend of the automotive industry: “Connected,” “Autonomous,” “Shared and Services,” and “Electric.”

The Company was founded in November 1910 as Nissin Kogyosha and incorporated as Nissin Electric Co., Ltd. in April 1917. The company was listed on the Osaka Securities Exchange (whose cash equity market was merged with the Tokyo Stock Exchange in July 2013) in May 1949, and the Kyoto Stock Exchange (which merged with the Osaka Securities Exchange in March 2001) in July 1949, after which it gained a listing on the First Section of the Tokyo Stock Exchange in October 1961. Following the review of market segments at the Tokyo Stock Exchange, the company has been listed on the Prime Market of the Tokyo Stock Exchange since April 4, 2022.

As of today, the company group consists of the Company and 25 consolidated subsidiaries (the “Company Group”), with factories in Kyoto, Maebashi and Shiga, and branch offices/branches not only in the Tokyo metropolitan area, but also in major cities nationwide, such as Osaka and Nagoya. The Company Group has developed businesses that support the foundations of society and industry through product development, manufacturing, sales and services, etc., across its three business sectors of the “Power Supply and Environment System Unit,” the “Beam and Plasma Division,” and the “Equipment and Parts Solution Business.” An outline of each of these businesses is provided below.

(I) Power Supply & Environment System Unit

This business division provides solutions for environmentally friendly power and environment systems, including those that stabilize power quality and provide distributed energy, etc., as well as manufacturing and selling the products that form part of a given solution. It also provides construction and after-sales services.

(II) Beam and Plasma Divisions

This business division manufactures and sells ion implanters, electron beam processing systems (Note 5), and fine coating equipment (Note 6) that use beam and plasma technology, and provides installation work and after sales service for these products. It also provides various services using this equipment, including injection, beam processing and coating services.

(Note 5) These devises modify and improve the quality of substances by irradiating them with electron beams. They are used in a wide range of fields to reduce the weight and improve the quality of vehicle tires, improve the heat resistance of wire coatings, and sterilize/disinfect medical equipment, etc.

(Note 6) This is a device that improves resistance to wear by coating the surface of tools, molds and components etc., with metals that are discharged in a vacuum, using the arc evaporation technique.

(III) Equipment and Parts Solution Business

This business division develops and sells products that meet local needs in the ASEAN region, offering solutions that focus on equipment and parts contract manufacturing based on the company’s metal processing technology used in the manufacture of power equipment.

The essence of the Company Group’s activities is to build trust with its five categories of stakeholders (customers, shareholders, society, partners, and employees), in line with the group slogan, which aims to “Forge a bright future for both people and technology” through the group’s corporate philosophy of “Harmonizing with the environment and contributing toward realizing a vibrant society through corporate activities that support the foundations of society and industry.” Furthermore, to mark the centenary of its founding, the group has renewed its aspirations, with corporate ethics defined by the “‘Venture spirit’ fostered since its founding”; “The spirit of ‘New Each Day’ embedded in the company name”; and “Open-mindedness and the ability to digest different cultures and technologies”.

In terms of the Company’s business environment, there seems to be a major paradigm shift occurring in its core Power Supply and Environment System Business as a result of eco-friendly economic policies that seek to realize carbon neutrality in Japan’s power equipment market by 2050. Electric power companies are expected to see significant growth in investment in cross-regional interconnections in the future, in order to strengthen the resilience of the transmission network. Over the past few years, the general market for private demand has been supported by robust demand to renew equipment. This has occurred as power equipment with a long service life that was delivered against the background of a booming Japanese economy in the late 80s to early 90s has become due for renewal and there has been a robust appetite for capital investment thanks to the strong performance of Japanese companies. Furthermore, the company has been working to build a recurring business model (Note 7) in the installation, regulation, and maintenance businesses for ancillary products, making efforts to enhance after-sales service options through the use of AI and sensors to demonstrate its leading position in these recurring-revenue businesses. In addition, in light of the shift to distributed power sources and the development of businesses that focus on the environment as seen in SDGs (Note 8) and ESG (Note 9), the company is working to make the provision of business continuity plan (BCP) initiatives and energy solutions core aspects of its business; with BCP that include initiatives to secure energy sources in the event of a disaster through a Smart Power Supply System (SPSS) and energy solutions such as energy savings and cost savings resulting from reductions in the cost of energy. In terms of business in China, there is currently a solid foundation as demand within the country continues to grow thanks to AC & DC grid projects, etc., that have resulted from the Chinese government’s policy of increasing capital investment in power projects to try to ensure that the economy recovers after COVID-19; yet despite this, there are concerns about a decrease in capital investment in the future due to an economic slowdown.

In the Beam and Plasma Division, the sale of ion implanters (a cornerstone of the Business) used for flat panel displays is being driven by the higher functionality for mobile phones offered by the use of organic EL and the trend for increasingly large screens for monitors and TVs, etc. However, there is a risk that changes in demand for mobile phones and trends for greater capital investment by panel makers in South Korea and China may cause fluctuations in the business environment. Meanwhile, as the market for ion implanters used for SiC (silicon carbide) semiconductors expands with the shift to electric vehicles (EV) and the number of implanters sold sees a steady increase thanks to their reputation for performing well as mass production devices, the company expects this to become a key aspect of the Business in the future. The electron beam processing business and the fine coating business are affected by performance trends in the automotive industry, which is the main market for these businesses, and they need to respond to the changes in materials technology and processing technology that accompany the shift to EV.

The Equipment and Parts Solution Business is centered on the ASEAN region, where it has expanded its market by making high-precision machined parts with high-performance Japanese processing equipment at low local cost. It is also being positively affected by in production shift from China caused by the trade friction between China and the U.S.; and this, in combination with economic development in the ASEAN region, is expected to be a future growth market.

In order to respond to these major changes in each business, the medium- to long-term plan “VISION2025” that started in April 2021 states that the company is “Aiming to become a company creating a sustainable future through reliable technical capabilities, where each employee can realize their contribution to society in an environment that respects diverse values and encourages new challenges" and under the slogan "New Each Day" the group is working on reforming its workforce, organization and business with the active participation of all employees. The company sees various social changes as business opportunities, including the shift to distributed energy sources with the advent of a carbon-neutral society and renewable energy, and the diversification of work styles caused by the declining birth rate/aging population in Japan and the impact of the COVID-19 pandemic; and as it aims to help realize a sustainable global environment and a society in which everyone can play an active role, it is working on six growth strategies and active up-front investment to ensure growth beyond FY2026. The six strategies are (1) Expansion of eco-friendly products, (2) Distributed energy support, (3) Renewable energy support, (4) Practical application of DX to products and businesses, (5) Capturing the demand for environmental support in emerging countries, (6) Expansion of business associated with the increase in EVs; and, in addition to the strategies themselves, the company is also working on improving supporting business platforms.

(Note 7) This is a business model in which it does not end in a single of provision of goods and services, but rather continuously provides value to customers to strive for long-term, sustainable profit.

(Note 8) An abbreviation of Sustainable Development Goals.

(Note 9) An abbreviation for Environment, Social, Governance.

The capital ties between the Tender Offeror and the Company originate from the acquisition in February 1937, by the Tender Offeror's predecessor Sumitomo Electric Wire & Cable Works Co., Ltd. of 2,800 shares in the Company (14.00 % of the total number of shares issued at that time) through a share transfer and a third-party share allocation in accordance with a capital and business alliance agreement. Since then, the Tender Offeror has been acquiring Company Stock in stages by underwriting new share issues for the purpose of allocating working capital to, and making capital investments in, the Company. The Tender Offeror announced a Tender Offer to the Company on November 5, 2007 for the purpose of making the Company a consolidated subsidiary, considering that mutually and effectively utilizing management resources possessed by the two companies and strengthening their affiliation would be more efficient and effective (Tender Offer Period: November 6 to December 5, 2007. Maximum number of shares to be purchased: 20,000,000. Minimum number of shares to be purchased: N/A). On December 13, 2007, the Tender Offeror acquired another 20,000,000 shares of Company Stock, taking its holdings to 54,791,175 shares and making the Company a consolidated subsidiary (as of December 13, 2007, the Tender Offeror's shareholding ratio was 51.47 %, the total number of issued shares was 107,832,445, and the number of treasury shares was 1,382,996. (Note that the "shareholding ratio" means the ratio held in relation to the total number of shares issued by the Company at that time minus the treasury stock owned by the Company at that time, rounded to the second decimal place; hereinafter the same in this paragraph). Subsequently, the Tender Offeror acquired another 200,000 shares of Company Stock from Tokai Rubber Industries, Ltd., the predecessor of Sumitomo Riko Company Limited, on September 26, 2014, taking its holdings to 54,991,175 shares (as of September 30, 2014, the Tender Offeror's shareholding ratio was 51.45 %, the total number of issued shares was 107,832,445, and the number of treasury shares was 955,629) and, as of the today, the number of shares of Company Stock held by the Tender Offeror and its shareholding ratio remain unchanged at 54,991,175 shares and 51.45 % respectively.

(ii) Background and Purpose of the Decision to Implement the Tender Offer

a. Background to the review on making the Company a wholly owned subsidiary

In December 2007, the Tender Offeror made the Company a consolidated subsidiary through a tender offer for the purpose of further strengthening business platforms and enhancing the corporate value of the Tender Offeror and the Company, considering that mutually utilizing management resources held by the two companies and strengthening their affiliation would be more efficient and effective. Specifically, the Tender Offeror expected to expand sales of products of the two companies and create new products and businesses in environment, resources and energy areas through the development of markets in emerging countries with growth potential, such as in Asia and the Middle East, and mutual utilization of sales networks.

Following that, when the Tender Offeror became the parent company of the Company, the Tender Offeror examined the details of its collaboration with the Company on specific topics, in order to further strengthen the collaboration, and has been working on research and development as well as activities such as promotional activities to support advances in the reform of electric power systems and increased environmental awareness, as well as the move toward a more sustainable society. Specifically, in the power and environmental systems business, the Tender Offeror is currently working on the development of SF6 gas (sulfur hexafluoride gas)-free products to enable ever more compact items and reduce the burden on the environment, along with technological research and product development to support a society that is introducing and expanding the use of various distributed power sources, such as solar power generation, as well as on monitoring and control systems that will help factories and water treatment plants become more advanced, EMS (energy management system)-related and IoT (the Internet of Things)-related technical research, product development, and solution development. As a result, the Tender Offeror has achieved certain results in its collaboration with the Company, such as receiving a large-scale order in transmission/transformer packages in a wind power project and joint development and commercialization of an energy management system. For the future, in the beam/plasma business, the Tender Offeror is conducting R&D and product development to expand the use of ion implanters, electron beam processing systems, and fine coating equipment, and in terms of basic research and development for expected future developments in each of these businesses, areas being considered for R&D projects, etc., include technologies that will help maintain/improve power quality and raise maintenance levels for power facilities; research and development involving DC power supply systems that apply power electronics and stationary storage battery systems; manufacturing technology for thin film semi-conductors used in flat panel displays; and technology used to evaluate materials in each field.

As mentioned above, it seems that structural and irreversible shifts are taking place in the business environment surrounding the Company, and while measures for solutions to social issues such as those listed in the SDGs are important, there is a shift from fossil fuels to renewable energy as the source of electric power in an effort to counteract the effects of global warming, as can be seen in the Japanese Government's acceleration of initiatives to realize a carbon-neutral society. More specifically, in addition to an increase in new market entrants into the power-related industry and intensifying competition associated with the separation of power transmission and distribution that has resulted from the deregulation of the power industry and the structural changes from fossil fuels to renewable energy, there are technological changes such as digitization and the upgrading of controls associated with the automation of substations and the shift from centralized sources of power to distributed power sources, as well as changes in materials technology and processing technology necessitated by the shift to EV in the automotive industry. Amid such changes in the external environment, future challenges for business include a shift from unit sales of power equipment to a business model that offers solutions based on the customer's problems; dealing with the changes in market players associated with the increasing trend for distributed power sources and off-grid systems; and expanding resources for the global market that is expected to see technological innovation in areas such as digitalization and DC power distribution, etc., and vigorous growth in demand in the future.

Given the above-mentioned changes in the business environment, to date the Tender Offeror has been collaborating with the Company by exchanging personnel and conducting joint sales. There are also changes in socio-economic factors currently occurring on a global scale that may adversely affect business continuity, such as instability in supply chains, etc., caused by increased geopolitical risk and the on-going risk from COVID-19. At the same time, an acceleration in the paradigm shift in the global market environment may present opportunities to expand business operations, with increasing efforts to achieve a carbon-neutral society and the advancement of an information society associated with the increase in the volume of communication data as a background. Tender

Offeror believes that it is crucial for the Tender Offeror and the Company to act with a greater sense of unity and urgency in making proposals and decisions, in order to respond to these trends in a timely manner and ensure further improvement in the corporate value of both companies, including departments related to environmental energy and electronics.

However, as an independently listed company, the Company has certain independence in its management and must make appropriate decisions and follow an institutional decision-making process on a stand-alone basis, taking into consideration other shareholders apart from the Tender Offeror; and the Tender Offeror believes that there are certain restrictions on the mutual use of customer bases and business platforms, etc., by the Tender Offeror Group and the Company Group. Furthermore, it may be difficult for the Tender Offeror and the Company to only pursue the interests of the Tender Offeror Group and fully consolidate R&D resources and sales data to expand new product development and marketing functions, etc., particularly in fields such as transmission and transformer infrastructure, next-generation energy networks, and semiconductor manufacturing equipment, etc., in order to optimize the Tender Offeror Group as a whole because a temporary increase in investment burdens and short-term decline in business may affect the Company's shareholders, and there are also concerns that this kind of collaboration may be a structural conflict of interest that is not always in the interest of the Company's minority shareholders.

Consequently, strengthening of business platforms and enhancement of the corporate value through collaboration between the Tender Offeror and the Company, which was the purpose of the Tender Offeror making the Company a consolidated subsidiary in December 2007, was limited. On the other hand, the business environment surrounding the Tender Offeror and the Company is in a period of dramatic upheaval, with the representative examples being GX, DX and CASE, and the current business environment is becoming even more uncertain as the risks, including the situation in Ukraine and the prolonged risk of infection from COVID-19, as well as the soaring price of energy and raw materials, and disruptions to logistics and supply chains, are turning into reality. It is therefore imperative to expedite decision-making and demonstrate the collective strength of the group. Moreover, with an increased awareness of corporate governance in recent years, the Ministry of Economy, Trade and Industry issued "Practical Guidelines for Group Governance System" in June 2019 and raised an issue on how corporate governance for listed subsidiaries should be. In this way, companies are accountable for concerns over structural conflict of interest between the controlling shareholder and minority shareholders in a listed subsidiary and maintaining subsidiaries as listed companies. In this situation, the Tender Offeror believes that making the Company a wholly owned subsidiary will allow resolving such concerns over structural conflicts of interest and, in a medium- and long-term perspective, combine the technologies, products and services owned by each company and share customer bases, etc., through the further integration of the Tender Offeror Group and the Company Group; increasing our presence in a wide range of business areas and allowing us to demonstrate the collective strength of the group to improve the corporate value of both companies over the medium to long term without considering the impact to the Company's shareholders by a temporary increase in investment burdens and short-term decline in business.

b. Synergistic effects by making the Company a wholly owned subsidiary

The Tender Offeror believes that making the Company a wholly owned subsidiary will have the following synergistic effects for both the Tender Offeror Group and the Company Group.

<Merging and combining core technologies will enhance the ability to offer solutions for customers>

By merging the Tender Offeror's design, manufacture and construction technologies in the area of wiring and cabling, with the Company's design, manufacture and processing technologies in the area of power equipment systems, we expect it to be possible to design, increase sales of, operate and maintain, etc., new power infrastructure systems. As the Company currently independently operates its business as a listed company, it is necessary, from the perspective of securing its independence as a listed company, to ensure the business operation that secures the fairness and appropriateness of individual transaction between the Tender Offeror and the Company and to respect the interest of minority shareholders of the Company. Thus, there are restrictions in sharing their respective knowledge including core technologies such as advanced design, manufacturing and construction technologies of the two companies. We believe that resolving those restrictions and combining operations through the Transaction will allow us to advance creation of new products and new businesses utilizing the strength of both companies and propose diverse solutions to various needs of customers of the two companies. For example, both companies should be able to further increase their competitiveness in the market by designing optimal, all-encompassing configurations of equipment/facilities and offering total solutions to efficiently transmit power from power plants to consumers' homes based on the specific characteristics of various kinds of essential power equipment and facilities such as those required to transmit and distribute power, receive/transform power, and store power, etc., and by providing optimal system designs in a variety of projects that connect renewable power sources (primarily wind generation) to power systems. In addition, by combining the Tender Offeror's technology in battery storage systems and IoT with the Company's technology in Smart Power Supply Systems (SPSS®) and the knowledge of power consumers and customer bases, the Tender Offeror expect to be able to carve out new markets and increase incoming orders for power infrastructure systems by developing and offering a total package of products, systems and services to meet new needs in the community, including the need to be able to control and adjust power supplies in the distributed power systems that will result from the expansion of renewable energy. Furthermore, the Tender Offeror would be able to continue to enhance the capacity to provide products that can precisely meet customer needs in the field of electronics, by combining the Tender Offeror's design and manufacturing technology in compound semiconductor devices and high-speed data transmission wires and cables with the Company's design and manufacturing technology in equipment such as ion implanters and electron beam processing systems. The Tender Offeror expect to enhance its ability to provide value for the customer by pursuing further synergistic effects that use materials and equipment developed by Tender Offeror in connection with the development of transmission and power devices for the Company's ion implanters; materials and equipment developed by Tender Offeror for the electronic wire business and the beam processing product business for the Company's electron beam processing systems; and similarly, technology in carbide tools developed by the Tender Offeror for the Company's fine coating operations. The above initiatives to pursue synergistic effects are expected to help enhance and expand long-term service businesses such as the inspection, diagnosis, maintenance and repair of facilities and equipment supplied to customers. In addition, sharing the Company's advanced metal processing technology as well as various resources from both companies, such as R&D and customer bases, etc., should expand the Company's Equipment and Parts Solution Business, and also improve performance and save costs for the Tender Offeror's manufacture of parts and assembly of equipment.

Further, in general, the combination of the Tender Offeror's materials technology and the Company's equipment design and manufacturing technology is expected to help accelerate the development of new products in fields such as the environment and energy, automotive, and electronics.

<Maximum utilization of human resources through the integration, exchange, and rotation of teams and personnel>

The Tender Offeror expects to achieve synergistic effects through the integration, exchange and rotation, etc., of teams and human resources by utilizing the wide range of experience and expertise acquired by personnel from the Tender Offeror and the Company during the work in businesses that support social infrastructure such as electric energy and the environment, etc., and from cutting-edge technology in electronics, etc. The Tender Offeror has been exchanging human resources with the Company for a long time, but in the current relationship between the Tender Offeror and the Company, its listed subsidiary, it is necessary to respect the independence of the Company and take care to ensure that there is no conflict of interest between the Tender Offeror and its minority shareholders. It is therefore not possible to effectively utilize human resources in a proactive and agile manner, and there are restrictions for the Tender Offeror Group to fully operate businesses in an integrated fashion. It is expected that the Transaction will lower barriers for the exchange of human resources between the Tender Offeror and the Company and, through the development of flexible personal management measures including secondment and transfer as well as career development that is optimal for each individual in the entire Tender Offeror Group, will enable it to further develop human resources with a wider perspective and knowledge and responsible for the next generation of the Tender Offeror Group, and to optimize management resources.

Specifically, this is expected to allow the two companies to offer more extensive, high-value products and services to the customers, suppliers, and partners such as contractors and collaborators, etc., of both companies by using the Company's experience, expertise and know-how concerning construction, maintenance, inspections, and preservation in the Power Supply and Environment System Business and the Beam & Plasma Business and deploying it in each of the Tender Offeror's business divisions, with the primary focus on product sales; and, conversely, by applying the Tender Offeror's experience, expertise and know-how in sensors, AI, IoT, and security etc., to the Company's products and services, etc. Moreover, in the field of ultra-high voltage (wires and cables and electrical equipment), which is the predominant business target of the Tender Offeror and the Company, chief electrical engineers and engineers with expertise in designing system adjustments are indispensable, and with the growing introduction of renewable energy, there is growing demand for personnel involved in storing, transmitting, transforming and distributing power from where it is generated to where it is consumed, as well as personnel who design, construct, operate and maintain systems analysis programs across wide-ranging areas of collaboration. Taking the experience, expertise and know-how of qualified personnel and engineers from the Tender Offeror and the Company who are involved in the construction and management, etc., of power facilities and utilizing it effectively between the organizations is expected to demonstrate synergistic effects.

<Accelerating global expansion and reducing costs and risks through the mutual utilization of overseas offices and customer bases>

With the global trend toward decarbonization and carbon neutrality as a background, the global business environment surrounding the Tender Offeror Group is in a period of dramatic upheaval. As the business environment in light of the global situation is becoming even more uncertain, we believe that it is necessary for the Tender Offeror and the Target Company to strengthen their affiliation and achieve steady growth in an uncertain business environment. In the current relationship between the Tender Offeror and the Target Company, its listed subsidiary, it is necessary to respect the independence of the Target Company and take care to ensure that there is no conflict of interest between the Tender Offeror and its minority shareholders, so there are restrictions for the two companies to mutually utilize data and networks possessed by them. The Transaction will resolve those restrictions and allow effective utilization of knowledge possessed by the two companies through the operation in a unified manner, and it is expected that costs and risks arising from accelerated global development and uncertain business environment will be reduced.
More specifically, the Tender Offeror and the Company are proactively working to expand business globally and between them, the two companies have approximately 200 affiliates throughout Asia, including China, South-East Asia and India in particular, where market growth is expected. Both companies have been constructing business foundations in Asia and other regions around the world by each creating strong relationships with leading local customers. Moving forward, the unimpeded sharing of information will allow both companies to make mutual use of each other's overseas offices and customer bases, which is expected to encourage global marketing and improve production capabilities.

In addition, sharing and consolidating the Tender Offeror's and the Company's information systems and functions in corporate divisions such as Purchasing, Logistics, Accounting and Human Resources, and maximizing advantages of scale in the procurement of materials, etc., is expected to reduce costs and promote efficiency and optimization.

Furthermore, by bringing together the combined experience and expertise of both the Tender Offeror and the Company with regard to a whole series of risks across the supply chain (such as risks associated with product design, the procurement of raw materials and parts, production, logistics, construction and credit) and building a more appropriate risk management system, we expect to improve the effectiveness of group management. Both the Tender Offeror and the Company develop business projects related to energy infrastructure and a typical risk in this type of business is that any project involving building works or construction will be of a relatively large scale, and any delays, etc., in construction may give rise to claims for huge amounts of compensation from the client. Another characteristic of the business is that it demands a certain amount of time from entering a new market to the point that the business is stabilized. It is expected that by further sharing the experience, expertise and know-how on local markets that each company has gathered in various countries and regions to date, as well as the relationships that the two companies have with business partners and customers, the Tender Offeror and Company together will be able to ensure better risk management to combat these risks and challenges and make it possible to promote steadier, global expansion.

c. Process leading to determination of the Tender Offer

With the above-mentioned background, purpose and expected synergies in mind, the Tender Offeror decided it was necessary to strengthen collaboration between the two companies even further and amalgamate management resources by making the Company a wholly owned subsidiary of the Tender Offeror in order to further improve the corporate value of both companies.

The Tender Offeror started specifically considering the Transaction in late October 2022. It appointed Nomura Securities Co, Ltd. ("Nomura Securities") as its financial advisor and third-party valuation organization independent of the Tender Offeror and the Company, and Nishimura & Asahi as its legal advisor. The Tender Offeror also provided the Company with a preliminary letter of intent for the Transaction and made a proposal to the Company to make the Company its wholly owned subsidiary on November 2, 2022.

In response to this, with the submission of the preliminary letter of intent for the Transaction by the Tender Offeror on November 2, 2022 as the opportunity, and with the aim of ensuring the fairness of the Tender Offer Price and the fairness of the Transaction, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest below, the Company appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.as its financial advisor and third-party valuation organization independent of the Company and the Tender Offeror, and Oh-Ebashi LPC & Partners ("Oh-Ebashi LPC & Partners") as its legal advisor. The Company requested Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the third-party valuation organization, to calculate the value of the Company Stock and submit an opinion on whether the Tender Offer Price is appropriate from a financial perspective for the shareholders of the Company other than the Tender Offeror and its affiliated companies (i.e., a fairness opinion). Moreover, the Company established a special committee to build an examination framework for making examination and decisions on the Transaction from a perspective of enhancing the corporate value of the Company and securing the interests of minority shareholders of the Company. The special committee approved the appointment by the Company of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation organization and Oh-Ebashi LPC & Partners as its legal advisor, and also independently appointed Plutus Consulting Co., Ltd., ("Plutus") as its third-party valuation organization independent of the Company and the Tender Offeror and built a framework for discussion and negotiation for the Tender Offer. For details on the establishment of the special committee, see "①Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" under "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" below.

Based on the above, the Tender Offeror and the Company started specific negotiation and consideration for the Transaction.

Along with carrying out the due diligence on the Company during the period from early December 2022 to mid-January 2023 to closely examine the feasibility of the Tender Offer, the Tender Offeror has been discussing with the Company and the special committee the significance and purposes of the Transaction, the synergy effects expected from the Transaction, the post-Transaction management structure and business policy, and the conditions of the Transaction, including the Tender Offer Price. Since January 5, 2023, the Tender Offeror and the Company have held discussions and negotiations on the Tender Offer Price on multiple occasions. Specifically, on January 5, 2023, the Tender Offeror made a proposal on the Tender Offer Price of 1,550 yen (premium of 21.28 % (rounded off to two decimal places; the same method applies to the premiums on stock prices (%) hereinafter) on the closing price of the Company Stock of 1,278 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day), comprehensively taking into account: (i) fluctuations in the market price of the Company Stock, (ii) the implementation status of the due diligence carried out during the period from early December 2022 to mid-January 2023, (iii) the content of the valuation analysis of the Company Stock by Nomura Securities, and (iv) anticipated levels of tendering in the Tender Offer. However, on January 6, based on the following: (i) the opinion of the special committee based on the valuation results for the Company Stock at that time received from the third-party valuation organization for the Company, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and the valuation results for the Company Stock at that time received from the third-party valuation organization for the special committee, Plutus, (ii) premium levels in examples of wholly-owned subsidiary takeovers similar to the Transaction, and (iii) fluctuations in the market price (level of market highs in the preceding year), the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,550 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated based on the Company’s announcement of support and the recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Following that, in light of the Company’s request for reexamination of the proposal, on January 17, the Tender Offeror proposed the Tender Offer Price of 1,600 yen (premium of 23.74 % on the closing price of the Company Stock of 1,293 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). On January 20, for the same reasons as above, the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,600 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated upon the Company’s announcement of support and recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Subsequently, in light of the Company’s request for reexamination of the proposal, on January 24, the Tender Offeror proposed to the Company with a Tender Offer Price of 1,650 yen (premium of 26.73 % on the closing price of the Company Stock of 1,302 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). In response to the proposal from the Tender Offeror, the Company, on January 27, for the same reasons as above, the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,650 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated upon the Company’s announcement of support and recommendation to tender shares and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Following that, in light of the Company’s request for reexamination of the proposal, on January 30, the Tender Offeror proposed to the Company with a Tender Offer Price of 1,675 yen (premium of 25.09 % on the closing price of the Company Stock of 1,339 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). In response to the proposal from the Tender Offeror, the Company, on January 31, for the same reasons as above, the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,675 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated upon the Company's announcement of support and recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Following that, on January 31, in light of the Company's request for reexamination of the proposal, the Tender Offeror proposed to the Company with a Tender Offer Price of 1,700 yen (premium of 28.30 % on the closing price of the Company Stock of 1,325 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). On February 2, 2023, in response to the proposal, the Company provided the Tender Offeror with a response to the effect that it accepts the Tender Offeror's proposal, and the Tender Offeror and the Company agreed on the Tender Offer Price of 1,700 yen.

After these discussions and negotiations, in addition to the above agreement on the Tender Offer Price, on February 2, 2023, the Tender Offeror and the Company reached an agreement that the Tender Offeror making the Company its wholly owned subsidiary is the best means to respond to the changing business environment surrounding the Tender Offeror and the Company and to contribute to the enhancement of the corporate value of both companies, and the Tender Offeror decided at its Board of Directors meeting on February 2, 2023 to implement the Tender Offer.

③ Post-Tender Offer Management Policy

In order to make steady progress in achieving the synergies listed in "② Background, Purpose, and Decision-Making Process of the Tender Offeror's Decision to Implement the Tender Offer," the Tender Offeror and the Company will consolidate efforts and work to accelerate collaboration between the Tender Offeror Group and the Company Group, and expedite decision-making. In addition, the Tender Offeror will fully discuss with the Company's management team any matters concerning the streamlining of management resources and redistribution for overall optimization that aim to improve corporate value. Note that at the present time, nothing has been decided concerning the management system or composition of the Board of Directors at the Company after the Tender Offer, including whether or not executives will be dispatched there and other personnel matters. After the Tender Offer has been completed, discussions will be held between the Tender Offeror and the Company to create an appropriate governance system that respects the Company's individuality and a system that will maximize synergies for the Tender Offeror Group.

④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer

(i) Course of Events Behind Creation of the Review System

The Company received a preliminary letter of intent regarding the Transaction from the Tender Offeror on November 2, 2022 and subsequently appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. to act as its financial advisor and third-party valuation organization, and Oh-Ebashi LPC & Partners to act as its legal advisor respectively on November 29, 2022. In light of the fact that the Tender Offeror was the controlling shareholder of the Company and the risk that a structural conflict of interest may arise in the process of the Company reviewing the Transaction, the Company sought the advice of Oh-Ebashi LPC & Partners to address these issues and ensure the fairness of the Transaction. Based on that advice, the Company immediately started to construct a system to review, negotiate and make decisions on the Transaction independently from the Tender Offeror, from the perspective of enhancing the Company's corporate value and securing the interests of its minority shareholders.

Specifically, as described in "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" under "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" below, the Company set up a special committee composed of four people under a resolution of the Company's Board of Directors held on November 29, 2022, these being: Masahiro Yurino (an independent outside director of the Company; professor emeritus at Doshisha University; and auditor at Doshisha); Sachiko Hirabayashi (an independent outside director of the Company; advisor of Kyoto Chuo Shinkin Bank; and Trustee/Councilor of the Ritsumeikan Trust); Hitoshi Tanaka (an independent outside audit and supervisory board member of the Company; attorney and representative partner at Yodoyabashi & Yamagami Legal Professional Corporation; and outside director of Tayca Corporation); and Go Saeki (an independent outside audit and supervisory board member of the Company and certified public accountant). The special committee was commissioned with assessing (i) the rationality behind the purpose of the Transaction (including whether the Transaction would contribute to enhancing the corporate value of the Company), (ii) the appropriateness of the terms and conditions of the Transaction (including the compensations in the Transaction), (iii) the fairness of procedures such as the negotiation process leading up to the Transaction, and (iv) whether it is appropriate for the Company's Board of Directors to make the decision to conduct the Transaction (including to express its opinion to support the Tender Offer and also recommend that shareholders of the Company tender in the Tender Offer and carry out the procedures necessary for the Tender Offeror to make the Company a wholly owned subsidiary of the Tender Offeror as described in (5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase) below) based on (i) to (iii) above, and to express an opinion as to whether the Tender Offer would be disadvantageous to the Company's minority shareholders (the "Advisory Matters"), and finally to summarize everything in a report (the "Written Report") and submit it to the Company's Board of Directors. In addition, in establishing the special committee, the Board of Directors of the Company resolved that it should respect the special committee's determinations to the fullest extent in making any decisions regarding the Transaction, and that if the special committee determines that the terms of the Transaction are not appropriate, the Board of Directors of the Company should not agree to the Transaction on such terms. The Board of Directors of the Company further resolved to grant to the special committee the following authorities: (i) to receive information required for considering and deciding on the Transaction from the Company's officers and employees; (ii) to express opinions to the Company on negotiations regarding the terms of the Transaction; (iii) to approve (including ratification) the Company's outside professional advisors, appointed by the Company; (iv) to seek advice of the Company's outside professional advisors at the cost of the Company; and (v) to appoint and seek advice of the special committee's own third party valuation organization at the cost of the Company, (including requesting obtaining share valuation reports and fairness opinions). Based on the authority described above, the special committee appointed Plutus as its own third party valuation organization on December 13, 2022, as stated in ① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company under (6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest).

In addition, as described in ①Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company under (6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest) below, the Company had the special committee confirm that there were no problems with the independence and expertise of the Company's financial advisor and third-party valuation organization Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., or its legal advisor Oh-Ebashi LPC & Partners, before obtaining approval for their appointment.

Furthermore, the Company had the special committee confirm that not only has it created an in-house system to consider, negotiate and determine matters pertaining to the Transaction independently from the Tender Offeror, but also that there are no problems with the independence and fairness of the said consideration system (for details of such consideration system, please see "⑥ Establishment of Independent Consideration System at the Company" of "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest").

(ii) Review and Negotiation Process

Besides receiving a report from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. on the results of the valuation of Company Stock, based on the outline of the Tender Offer, including the purpose of the Transaction, the impact of the Transaction on the Company, the details of management policy after the Transaction, and the Company's current stock price trends etc., as well as advice on negotiation strategies to use with the Tender Offeror and other financial advice, the Company received guidance and other legal advice from Oh-Ebashi LPC & Partners on the measures to take to ensure fairness in the procedures in the Transaction, and also held multiple discussions and reviews with the Tender Offeror before carefully considering the pros and cons of the Transaction and the appropriateness of the terms and conditions.

Specifically, on January 5, 2023, the Company received a proposal from the Tender Offeror on the Tender Offer Price of 1,550 yen (premium of 21.28 % on the closing price of the Company Stock of 1,278 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day), comprehensively taking into account: (i) fluctuations in the market price of the Company Stock, (ii) the implementation status of the due diligence carried out during the period from early December 2022 to mid-January 2023, (iii) the content of the valuation analysis of the Company Stock by Nomura Securities and (iv) anticipated levels of tendering in the Tender Offer. However, on January 6, based on the following: (i) the opinion of the special committee based on the valuation results for the Company Stock at that time received from the third-party valuation organization for the Company, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and the valuation results for the Company Stock at that time received from the third-party valuation organization for the special committee, Plutus, (ii) premium levels in examples of wholly-owned subsidiary takeovers similar to the Transaction, and (iii) fluctuations in the market price (level of market highs in the preceding year), the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,550 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated based on the Company's announcement of support and the recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Following that, in light of the Company's request for reexamination of the proposal, on January 17, the Tender Offeror proposed the Tender Offer Price of 1,600 yen (premium of 23.74 % on the closing price of the Company Stock of 1,293 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). On January 20, for the same reasons as above, the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,600 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated upon the Company's announcement of support and recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Subsequently, in light of the Company's request for reexamination of the proposal, on January 24, the Tender Offeror proposed to the Company with a Tender Offer Price of 1,650 yen (premium of 26.73 % on the closing price of the Company Stock of 1,302 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). In response to the proposal from the Tender Offeror, the Company, on January 27, for the same reasons as above, the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,650 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated based on the Company's announcement of support and the recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Following that, in light of the Company's request for reexamination of the proposal, on January 30, the Tender Offeror proposed to the Company with a Tender Offer Price of 1,675 yen (premium of 25.09 % on the closing price of the Company Stock of 1,339 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). In response to the proposal from the Tender Offeror, the Company, on January 31, for the same reasons as above, the Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,675 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Company could realize as it was far below the price level anticipated upon the Company's announcement of support and recommendation to tender shares in the tender offer related to the Transaction and it was also not considered that due consideration has been given to the interests of minority shareholders of the Company. Following that, on January 31, the Tender Offeror proposed to the Company with a Tender Offer Price of 1,700 yen (premium of 28.30% on the closing price of the Company Stock of 1,325 yen on the Prime Market of the Tokyo Stock Exchange as of the preceding business day). In response to the proposal, on February 2, 2023, Company provided the the Tender Offeror with a response from the Company to the effect that it accepts the Tender Offeror's proposal, and the Tender Offeror and the Company agreed on the Tender Offer Price of 1,700 yen.

(iii) Description of the Decision

In its meeting of February 2, 2023, the Board of Directors of the Company carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to enhancement of its corporate value, and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the fullest extent the special committee's determinations presented in the Written Report, based on the following: (i) legal advice received from Oh-Ebashi LPC & Partners; (ii) advice from a financial perspective received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ; (iii) the share valuation report containing the valuation results for the Company Stock received on February 1, 2023 (the "Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)") (iv) the fairness opinion on the Transaction, stating that the Tender Offer Price of 1,700 yen per share is appropriate for the shareholders of the Company (not including the Tender Offeror and its affiliated companies) from a financial perspective (the "Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)"); and (v) the share valuation report (the "Share Valuation Report (Plutus)") and the fairness opinion on the Transaction (the "Fairness Opinion (Plutus)" provided through the special committee.

As a result, as described below, the Company came to the conclusion that becoming a wholly owned subsidiary of the Tender Offeror would allow the Company to create synergies and enhance the Company's corporate value.

In December 2007, the Company became a consolidated subsidiary of the Tender Offeror through a tender offer, for the purpose of further strengthening business platforms and enhancing the corporate value of the Tender Offeror and the Company, considering that mutually utilizing management resources held by the two companies and strengthening their affiliation would be more efficient and effective. Specifically, the Company expected to expand sales of products of the two companies and create new products and businesses in environment, resources and energy areas through the development of markets in emerging countries with growth potential, such as in Asia and the Middle East, and mutual utilization of sales networks.

Following that, when the Tender Offeror became the parent company of the Company, the details of its collaboration with the Tender Offeror was examined in order to further strengthen the collaboration, and has been working on research and development as well as activities such as promotional activities to support advances in the reform of electric power systems and increased environmental awareness, as well as the move toward a more sustainable society. As a result, the Company has achieved certain results in its collaboration with the Tender Offeror such as receiving a large-scale order in transmission/transformer packages in a wind power project and joint development and commercialization of an energy management system.

On the other hand, the Company Group believes that structural and irreversible shifts are taking place in the business environment surrounding the Company, and while measures for solutions to social issues such as those listed in the SDGs are important, there is a shift from fossil fuels to renewable energy as the source of electric power in an effort to counteract the effects of global warming, as can be seen in the Japanese Government's acceleration of initiatives to realize a carbon-neutral society. More specifically, in addition to an increase in new market entrants into the power-related industry and intensifying competition associated with the separation of power transmission and distribution resulting from deregulation of the power industry and the above mentioned structural changes, there are technological changes such as digitization and the upgrading of controls associated with the automation of substations and the shift from centralized sources of power to distributed power sources, as well as changes in materials technology and processing technology necessitated by the shift to EV in the automotive industry.

Amid such changes in the external environment, future challenges for business include a shift from unit sales of power equipment to a business model that offers solutions based on the customer's problems; dealing with the changes in market players associated with the increasing trend for distributed power sources and off-grid systems; and expanding resources for the global market that is expected to see technological innovation in areas such as digitalization and DC power distribution, etc., and vigorous growth in demand in the future.

Given the above-mentioned changes in the business environment and business challenges, although to date the Company has been collaborating with the Tender Offeror by exchanging personnel and conducting joint sales, in order to respond in a timely manner to the rapidly changing business environment and business challenges, and to further enhance the corporate value of the Company, the Company Group considers it to be important for proposal-making and decision-making by the Tender Offeror and the Company to proceed with an even greater sense of urgency.

However, as regulations for corporate governance reform and capital markets have recently been strengthened, as an independently listed company, the Company has had to make appropriate decisions and follow an institutional decision-making process on a stand-alone basis, taking into consideration other minority shareholders apart from the Tender Offeror; and there have been certain restrictions on promoting the prompt, uninterrupted mutual use of customer bases and business platforms, etc., by the Tender Offeror Group and the Company Group, due to concerns about conflicts of interests between the Tender Offeror Group and minority shareholders, and from the perspective of ensuring the independence of the Company.

After the Transaction, the Company will become a wholly owned subsidiary of the Tender Offeror and this will avoid any restrictions concerning the conflict of interest between the Tender Offeror Group and minority shareholders, and the need to ensure the independence of the Company. At the same time, it will encourage more sharing and utilization of both companies' management resources necessary for medium- to long-term growth, including confidential information, which will accelerate the development of higher performance products, systems and solutions. The Company believes that this will help overcome the business challenges listed above through the following key synergies.

I. To Dive Deeper Into, and Expand, Business by Combining Technologies

<Power Supply and Environment Systems>

・Transmission/Transformer Packages for Wind Power:

The two companies will be able to offer integrated transmission/transformer solutions to wind power generation companies by combining the Tender Offeror's design, manufacturing, processing technology in electric wires/cabling and the Company's design, manufacturing, processing technology in power equipment and systems.

・Energy Management Systems:

Combining the Company's knowledge of electricity consumers with the Tender Offeror's technology and customer base in power systems, will allow us to design and develop integrated energy solutions that cover several customer bases, and promote joint marketing to expand into smart community and micro-grid projects.

・Carbon Neutral Solutions:

An optimal combination of solar generation equipment and the Tender Offeror's power storage technology with the Company's substation technology and expertise in energy management, will allow us to develop carbon neutral solutions for manufacturing plants, etc., (for example net-zero factories).

<Beam and Plasma>

・Performance of the Company's manufacturing equipment may be improved through further sharing of the Tender Offeror's expertise and know-how as a user of the equipment.

・It is thought that combining the Company's electron beam processing technology and the Tender Offeror's materials technology will improve productivity and the functionality of materials (better resistance to heat, wear and chemicals) in the Tender Offeror's business.

<Equipment and Parts Solutions, etc.>

・Sharing the various resources of both companies in conjunction with the Company's advanced metal processing technology will allow the Company's Equipment & Parts Solution business to expand, and also improve performance and cut costs for the Tender Offeror's parts production and equipment assembly.

II. Utilizing Resources to Increase Global Presence and Delve Deeper/Expand Business

① Strengthening the collaborative framework for global offices of the two companies will encourage further overseas expansion of their business operations, while sharing and making mutual use of each other's customer bases and marketing offices will promote global marketing; and by bringing together the experiences of both companies in the global market, we hope to improve risk management.

② We can improve the prospects for creating new products and innovative initiatives by enhancing human resources, combining the expertise of both companies through the rotation of human resources and the dynamic and flexible exchange, merger, and utilization of intellectual property, know-how, technical networks, and human resources, etc.

III. Securing Profits by Streamlining Back-Office Departments

In addition to reducing management costs as a listed company, we believe that carrying out checks on workflows/functions in administrative departments, and arrangements for resource allocation, will achieve efficiencies and cost savings by reshuffling duplicated operations, and allow us to focus limited resources on business development to continue to sustain our current high-profit structure in the face of changes in the business environment.

Further, in general terms, as a result of delisting, companies might not be able to raise funds through equity finance from the capital market, or their name recognition, credit worthiness, and securing of human resources, which they have enjoyed as listed companies, might be affected. However, in light of the level of the Company's holdings of cash and cash equivalents, it is not expected that it will require fundraising through equity finance for the time being, and it is believed that through a long history of its business activities and social activities, its brand strength and name recognition in the power equipment industry is already pervasive and the trust relationship with a number of stakeholders including its employees and business partners has been established. In addition, based on the Tender Offeror's policy to work to enhance the corporate value of both companies through the realization of synergies between the Tender Offeror and the Company, the Company Group believes that there are no particular material disadvantages resulting from the Transaction.

In light of the above, it has been decided that making the Company a wholly owned subsidiary of the Tender Offeror is the best way of increasing the corporate value of the Company Group.

Furthermore, in light of the points listed below, the Company decided that the Tender Offer Price of 1,700 yen per share was a reasonable price that would secure benefits for minority shareholders of the Company, and that the Tender Offer would provide minority shareholders of the Company with a reasonable opportunity to sell their shares of the Company Stock at an appropriate premium.

(i) The Tender Offer Price has been subject to proper measures by the Company to ensure the fairness of the terms and conditions of the transaction, which includes the Tender Offer Price, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below; and such Tender Offer Price has been agreed after sufficient negotiations with the Tender Offeror, and with the substantial involvement of the special committee.

(ii) The Tender Offer Price exceeds the valuation results obtained using the market price method and other similar company comparison methods, and was within the range of the valuation results obtained using the discounted cash flow method (the "DCF Analysis"), as calculated by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in the share valuation report; and a fairness opinion was also issued by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. stating that, from a financial perspective, the Tender Offer price of 1,700 yen was reasonable for shareholders (other than the Tender Offeror and its affiliated companies) of the Company Stock. Note that both the Stock Valuation Report and the Fairness Opinion are as described in "① Share Valuation Report and Fairness Opinion Obtained by the Company from an Independent Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" below.

(iii) The Tender Offer Price exceeds the valuation results obtained using the market price method and other similar company comparison methods, and was within the range of the valuation results obtained using the DCF Analysis, as calculated by Plutus in its share valuation report; and a fairness opinion was also issued by Plutus stating that, from a financial perspective, the Tender Offer Price of 1,700 yen was reasonable for shareholders (other than the Tender Offeror) of the Company. Note that both the Stock Valuation Report and the Fairness Opinion are as described in "② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" below.

(iv) The Tender Offer Price includes an additional premium of 23.82 % (rounded to the second decimal place; to apply to all premium rate calculations hereinafter) on the closing price of 1,373 yen for the Company Stock in the Prime Market of the Tokyo Stock Exchange on February 1, 2023, which was the business day prior to the date that the Tender Offer was announced; 29.87 % on the simple average closing price of 1,309 yen (rounded to the nearest Japanese yen, to apply to all simple average closing price calculations hereinafter) for the one month immediately preceding February 1 2023; 28.40 % on the simple average closing price of 1,324 yen for the three months immediately preceding the same date; and 23.64 % on the simple average closing price of 1,375 yen for the six months immediately preceding the same date. This premium is within the range of premiums in other cases (Note) of purchases by a parent company with the purpose of de-listing a listed subsidiary, and is confirmed that it exceeds the maximum closing price of the past five years of 1,643 yen, as well as the maximum market price of 1,674 yen.

(Note) This is in reference to premium rates of 17 cases which were publicly announced on and after June 28, 2019 when the Ministry of Economy, Trade and Industry published the "Fair M&A Guidelines,", up until January 31, 2023, and in which the purchase price was 50 billion yen or more and the total voting rights ratio of the tender offeror and its specially related parties prior to the tender offer was 25% or more (however, this excludes acquisitions by funds, MBO, and cases that are not appropriate to refer to due to leakage, etc.); in these cases, the ranges of the premiums on the closing price on the business day immediately preceding the announcement date and the simple average closing price for the immediately preceding one month, the immediately preceding three months, and the immediately preceding six months were 17 to 85%, 21 to 82%, 22 to 81%, and 11 to 80%, respectively.

(v) The Tender Offer Price was also deemed to be reasonable in the Written Report acquired from the special committee, as described below in "①Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" under "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below."

Based on the above, the Company decided that the Transaction would contribute to enhancing its corporate value and that the terms and conditions pertaining to the Transaction, including the Tender Offer Price, were reasonable; and, at the Company's Board of Directors meeting held today, all directors of the Company unanimously resolved to expressed their opinion to support the Tender Offer and recommend that the Company shareholders tender their shares in the Tender Offer. For details of the decision-making process at the Board of Directors of the Company, see "⑦ Approval of All Directors of the Company and Opinion of All Audit and Supervisory Board Members of the Company That They Have No Objections" under "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.

(3) Matters Concerning Calculation

① Share Valuation Report and Fairness Opinion Obtained by the Company from an Independent Third-Party Valuation Organization

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

The Company considered the Tender Offer Price presented by the Tender Offeror and, before expressing its opinion regarding the Tender Offer, requested that Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., a third-party valuation organization independent of the Company and the Tender Offeror, calculate the value of the Company Stock and provide opinions regarding the appropriateness of the Tender Offer Price (i.e., fairness opinion), as measures to secure the fairness of the Tender Offer. The Company then obtained from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) on February 1, 2023. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is not a Related Party of the Company or the Tender Offeror, and does not have any material interest in the Transaction, including the Tender Offer. Also, a substantial portion of compensation to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in connection with the Transaction is transaction compensation that is payable subject to the announcement of the Transaction and the completion of the squeeze-out of the minority shareholders. The Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation institution based on the compensation system above after taking into consideration practices generally used in similar transactions, and the fact that it was a compensation system in which the Company will not bear any financial burden if the Transaction were not completed, and other factors..

(ii)Overview of the Calculation of the Company Stock

After reviewing the calculation method to be adopted in the Tender Offer, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. calculated the value of the Company Stock by using the following methods, considering that it would be appropriate to evaluate the value of the Company Stock from multiple perspectives: the market share price analysis (because the Company Stock is listed on the Prime Market of the Tokyo Stock Exchange and there are market share prices available); the comparable company analysis (because it is possible to infer the share value through comparisons with multiple listed companies engaged in businesses relatively comparable to those engaged in by the Company); and the DCF Analysis (in order to reflect the fundamental value assessed based on the status of future business activities in the calculation). The ranges of per-share value of the Company Stock calculated by those methods are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis:	1,345 yen to 1,549 yen
DCF Analysis:	1,551 yen to 1,909 yen

Under the market share price analysis, where February 1, 2023 was the reference date (the "Reference Date"), the per-share value of the Company Stock was calculated to range from 1,309 yen to 1,375 yen, based on the following prices of Company Stock on the Prime Market of the Tokyo Stock Exchange: the closing price of the Reference Date (1,373 yen); the simple average of the closing price for the one month immediately preceding the Reference Date (1,309 yen); the simple average of the closing price for the three months immediately preceding the Reference Date (1,324 yen); and the simple average of the closing price for the six months immediately preceding the Reference Date (1,375 yen).

Under the comparable company analysis, a valuation was performed with sum of the parts analysis ("SOTP Analysis") on the Company businesses categorized as Power Supply & Environment System Business Unit and Beam and Plasma Division. In the selection of the comparable company, Meidensha Corporation, DAIHEN Corporation, and Takaoka Toko Co., Ltd. were selected as the listed companies operating businesses relatively comparable to business for Power Supply & Environment System Business Unit, and ULVAC, Inc. was selected as the listed company operating a business relatively comparableto business for Beam and Plasma Division. Then, the share value was assessed by making certain financial adjustments, such as using the ratio of EBITDA to the corporate value, and adding the value of cash and cash equivalents held by the Company. Using this methodology, the per-share value of the Company Stock was calculated to range from 1,345 yen to 1,549 yen.

Under the DCF Analysis, the share value was calculated by making certain financial adjustments, such as adding the value of cash and cash equivalents held by the Company to the corporate value calculated by discounting the free cash flow that is expected to be generated by the Company on and after Fourth quarter of the fiscal year ending in March 2023 at a certain discount rate to the present value, based on the relevant factors including the Company's business plan prepared by the Company for four fiscal years from the fiscal year ending in March 2023 to the fiscal year ending in March 2026, as well as other publicly available information. Using this methodology, the per-share value of the Company Stock was calculated to range from 1,551 yen to 1,909 yen. The discount rate applied ranged from 5.40 % to 7.40 %. In calculating the going value, the exit multiple method was adopted, and ratios of EBITDA to corporate value of 4.00 to 5.50 were applied to the analysis.

The consolidated financial forecast under the business plan prepared by the Company (the "Business Plan") based on which Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. calculated share value under the DCF Analysis is as provided below. The Business Plan used by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in the calculation under the DCF Analysis does not include fiscal years in which a significant increase or decrease in profits are expected compared to the previous fiscal year. Further, the synergy effects expected to be obtained from the Transaction are difficult to estimate in detail at present, and they are not reflected in the financial forecast below.

(Unit: million yen)

	FY ending in March 2023 Q4	FY ending in March 2024	FY ending in March 2025	FY ending in March 2026
Net Sales	51,998	145,884	151,075	160,754

Operating income	8,474	16,809	19,469	20,226
EBITDA	9,615	21,741	24,457	25,526
Free cash flow	3,030	10,850	10,864	9,940

(iii) Outline of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)

The Company obtained a Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) on February 1, 2023 from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. which stated to the effect that the Tender Offer Price of 1,700 yen per share would be fair for shareholders of the Company (excluding the Tender Offeror and its affiliates) from a financial point of view. The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) was issued after analyzing and reviewing the Business Plan and other financial information submitted by the Company and reviewing the results of the valuation of the Company Stock conducted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. after question-and-answer sessions with the Company and the special committee, as well as question-and-answer sessions with the Company and the special committee regarding the background and circumstances leading to supporting the Tender Offer, and the approval of the committee of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., which consists of professionals from the Investment Banking Division and other divisions of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., in accordance with the internal procedures within Mitsubishi UFJ Morgan Stanley Securities Co., Ltd..

(Note) The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and analysis of the share value of the Company Stock, on which the Fairness Opinion is based, were presented to the Company's Board of Directors solely to be used for reference by the Board of Directors, and solely as to whether the Tender Offer Price of the Tender Offer is adequate for shareholders of the Company (excluding the Tender Offeror and its affiliates) from a financial point of view as of February 1, 2023. The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) does not in any manner address the share prices at which the Company Stock will trade following the announcement of the Tender Offer and does not constitute an opinion or recommendation to the shareholders of the Company with respect to the actions of any of such shareholders relating to the Tender Offer. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not recommended any specific Tender Offer Price to the Company's Board of Directors, nor has it recommended any specific Tender Offer Price as being the only appropriate price for the Tender Offer. In expressing its opinion in the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and performing analysis, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has relied on the assumption that all publicly available information and information provided by and obtained from the Company is accurate and complete, and therefore Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not independently verified the accuracy or completeness of such information. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not been furnished with the audited financial statements of the Company for the third quarter ended March 31, 2023 by the Company at the time this fairness opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) was prepared. In rendering its opinion in this Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has assumed, without conducting independent verification, that the internal Financial Statements provided are accurate in all respects and fairly represent the items described in them. In the preparation of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. reviewed information relating to certain strategic, financial and operational benefits anticipated from the Transaction and assumes that the information relating to certain strategic, financial and operational benefits including the Financial Forecast have been reasonably prepared by the Company's management, reflecting the best currently available estimates and judgments regarding the Company's future financial condition. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has assumed that the terms and conditions set forth in the agreements relating to the Transaction will be performed without any waiver, modification or delay. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the Transaction. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is not legal, accounting or tax advisors. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is a financial advisor only and have relied upon, without independent verification, the assessment of the Company and its auditors and legal advisors with respect to legal, accounting or tax matters. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not independently carried out any valuation or assessment of the assets or liabilities (including contingent liabilities) of the Company and its affiliates, nor has it obtained any valuations or assessments. The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and analysis provided by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. are necessarily based on the economic, financial, market and other conditions as in effect on, and other information available made to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as of February 1, 2023. Events occurring after February 1, 2023 may affect the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and analysis, and the assumptions used in preparing the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), but Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. does not assume any obligation to update, revise, or reaffirm the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). In expressing its opinion in the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. was not authorized to solicit, and did not solicit, interest from any party with respect to any acquisitions, business combinations or other extraordinary transactions, involving the Company, nor did Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. negotiate with any of the parties, other than the Tender Offeror, which expressed to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. an interest in the possible acquisition of the Company or certain of its constituent businesses. The underlying analysis of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) involve a complex process, which is not necessarily appropriate for partial analysis or summarization. In preparing the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. considers all the analyses as a whole and does not place a particular emphasis on certain parts of the considered analysis or factors. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. made a number of assumptions about industry conditions, general business and economic conditions, and other matters, many of which are beyond the control of the Company or the Tender Offeror. All forecasts included in Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.'s analysis do not necessarily represent future results or actual values, and such results or values may be significantly better or worse than those implied by such forecasts. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has acted as financial advisor to the Company in connection with the Transaction and will receive a fee for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.'s services, a substantial portion of which is contingent upon the announcement of the Transaction and the completion of the squeeze-out of the minority shareholders in the Transaction. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and its affiliates (hereinafter, the "Group") are a global financial services firm engaged in the banking (including financing for the Company and the Tender Offeror), securities, trust, investment management and other financial businesses (hereinafter, collectively "Financial Services"). Its securities business is engaged in securities underwriting, trading, and brokerage activities, foreign exchange, commodities and derivatives trading, as well as providing investment banking, financing and financial advisory services. In the ordinary course of its underwriting, trading, brokerage and financing activities, the Group may at any time hold long or short positions, may provide Financial Services to the Tender Offeror, the Company, or companies that may be involved in the Transaction and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of the Tender Offeror, the Company, or any company that may be involved in the Transaction, or in any currency or commodity that may be involved in the Transaction, or in any related derivative instrument. The Group, its directors and officers may also at any time invest on a principal basis or manage funds that invest on a principal basis, in debt or equity securities of the Tender Offeror, the Company, or any company that may be involved in the Transaction, or in any currency or commodity that may be involved in the Transaction, or in any related derivative instrument. Further, Mitsubishi UFJ Morgan Stanley Securities

Co., Ltd. may at any time carry out ordinary course broking activities for the Tender Offeror, the Company, or any company that may be involved in the Transaction.

② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization

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

Before considering the Advisory Matters, the special committee had requested Plutus, its own third-party valuation organization independent of the Tender Offeror and the Company, the valuation of the Company Stock and to express its opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion), in order to secure the fairness of the terms of the Transaction including the Tender Offer Price; and the special committee obtained the Share Valuation Report (Plutus), and the Fairness Opinion (Plutus) on February 1, 2023.

The Company's Board of Directors also received the Share Valuation Report (Plutus), and the Fairness Opinion (Plutus) when it was provided with the Written Report by the special committee on February 2, 2023, as stated in "④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above. The Board of Directors also took into account the substance of those documents in passing the resolution set forth in ⑦ Approval of All Directors of the Company and Opinion of All Audit and Supervisory Board Members of the Company That They Have No Objections of "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.

Plutus is not a party related to the Tender Offeror or the Company, nor does it have any material interests in the Transaction, including the Tender Offer. The special committee appointed Plutus as its own third-party valuation organization by considering the independence, expertise and past performance of the candidate third-party valuation organization, as stated in "①Establishment of the Independent special committee, and Obtainment of the special committee's Written Report, by the Company" " (6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below. Fees due to Plutus for the Transaction are only fixed fees payable irrespective of the success or failure of the Transaction, and they do not include contingent fees payable on conditions such as successful completion of the Transaction, including the Tender Offer.

(ii) Overview of the Calculation of the Company Stock

After reviewing the calculation method to be adopted in calculating the value of the Company Stock from among multiple calculation methods in the Tender Offer, Plutus calculated the value of the Company Stock by using the following methods, considering that it would be appropriate to evaluate the value of the Company Stock from multiple perspectives based on the assumption that the Company is a going concern: the market share price analysis (because the Company Stock is listed on the Prime Market of the Tokyo Stock Exchange and there are market share prices available); the comparable company analysis (because it is possible to infer the share value through comparisons with multiple listed companies comparable to the Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). The ranges of per-share value of the Company Stock calculated by those methods are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis:	1,536 yen to 1,925 yen
DCF Analysis:	1,636 yen to 2,009 yen

Under the market share price analysis, where February 1, 2023 was the reference date, the per-share value of the Company Stock was calculated to range from 1,309 yen to 1,375 yen, based on the following prices of Company Stock on the Tokyo Stock Exchange: the closing price of the Reference Date (1,373 yen), the simple average of the closing price for the one month immediately preceding the Reference Date (1,309 yen); the simple average of the closing price for the three months immediately preceding the Reference Date (1,324 yen); and the simple average of the closing price for the six months immediately preceding the Reference Date (1,375 yen).

Under the comparable company analysis, a valuation was performed with sum of the parts analysis on the Company businesses categorized as Power Supply & Environment System Business Unit and the Beam and Plasma Division. In the selection of the comparable company, Meidensha Corporation, DAIHEN Corporation, and Takaoka Toko Co., Ltd. were selected as the listed companies operating businesses relatively comparable to Power Supply & Environment System Business, and ULVAC, Inc. was selected as the listed company operating a business relatively comparable to the Beam and Plasma Division. The share value was calculated using the ratios of EBIT and EBITDA to the business value. Using this methodology, the per-share value of the Company Stock was calculated to range from 1,536 yen to 1,925 yen.

Under the DCF Analysis, the Company's corporate value and share value were analyzed by discounting the free cash flow that is expected to be generated in the future by the Company in and after the fourth quarter of the fiscal year ending in March 2023 at a certain discount rate to the present value, based on the relevant factors including the Company's business plan prepared by the Company for four fiscal years from the fiscal year ending in March 2023 to the fiscal year ending in March 2026, as well as other publicly available information. Using this methodology, the per-share value of the Company Stock was calculated to range from 1,636 yen to 2,009 yen. The discount rate applied ranged from 7.563 % to 9.630 %. In calculating the going value, the perpetual growth method was used with a perpetual growth rate of 0 %.

The consolidated financial forecast under the Business Plan based on which Plutus calculated the value of the Company Stock under the DCF Analysis is as provided below.

The Business Plan prepared by the Company and used by Plutus in the calculation under the DCF Analysis does not include fiscal years in which a significant increase or decrease in profits are expected compared to the previous fiscal year. Further, the synergy effects expected to be obtained from the Transaction are difficult to estimate in detail at present, and they are not reflected in the financial forecast below. Further, as stated in "(ii) Background to the Consideration" of "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" of "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below, the special committee has confirmed the reasonableness of the Business Plan including the substance and the background of the preparation thereof.

(Unit: million yen)

	FY ending in March 2023 Q4	FY ending in March 2024	FY ending in March 2025	FY ending in March 2026
Net Sales	51,998	145,884	151,075	160,754
Operating income	8,474	16,809	19,469	20,226
EBITDA	9,230	21,489	24,457	25,566
Free cash flow	3,008	10,831	11,022	10,098

(iii) Overview of the Fairness Opinion (Plutus)

On February 1, 2023, the special committee obtained from Plutus the Fairness Opinion (Plutus) stating that the Tender Offer Price of 1,700 yen per share is, from a financial perspective, fair for the minority shareholders of the Company (Note). The Fairness Opinion (Plutus) expresses an opinion that the Tender Offer Price of 1,700 yen per share is, from a financial perspective, fair for the minority shareholders of the Company in light of the results of valuation of the Company Stock under the Business Plan prepared by the Company. The Fairness Opinion (Plutus) was issued by Plutus through the following: (i) consideration of (a) the results of valuation of the Company Stock conducted based on the disclosure by the Company of the Company Group's current business status and future business plans, and explanations received therefor, (b) question-and-answer session with the Company concerning the overview, background and purpose of the Tender Offer, (c) the business environment of the Company Group market and financial conditions, and other relevant factors to the extent deemed necessary by Plutus; and (ii) review procedures by an examination committee at Plutus independent of its engagement team.

(Note) In preparing and submitting the Fairness Opinion (Plutus) and calculating the underlying share value, Plutus relied on the information and base materials provided by or discussed with the Company, and publicly-available materials assuming that they are accurate and complete and do not contain any facts that may materially affect the analysis or calculation of the value of the Company Stock and have not been disclosed to Plutus. Plutus has not independently investigated or verified, nor does it have any obligation to investigate or verify, such information or materials.

Plutus assumed that the Business Plan and other materials of the Company that it used as the base materials for the Fairness Opinion (Plutus) were reasonably prepared by the management of the Company based on the best forecasts and judgment currently available. Plutus neither guarantees the feasibility of the forecasts, nor has it expressed its views regarding the analysis or forecasts on which it based the preparation of the forecasts or those materials, or preconditions underlying the analysis or forecasts.

Plutus neither has independently evaluated or appraised, nor has received any written evaluation or written appraisal regarding, any assets or liabilities (including off-balance sheet assets and liabilities, and other contingent liabilities) of the Company or its affiliated companies (including analyzing and evaluating their individual assets and liabilities). Plutus has not evaluated the creditworthiness of the Company or any of its affiliated companies under the applicable laws concerning bankruptcy, admission to its creditors its inability to pay its debts generally as such debts become due, or any other similar insolvency events.

Plutus is neither an organization specialized in law, accounting or tax, nor independently analyzes or considers whether there are any legal, accounting or tax issues concerning the Tender Offer, nor has any obligation to analyze or considers them.

The Fairness Opinion (Plutus) provides opinions as of the creation date thereof, on whether the Tender Offer Price is fair for the Company's minority shareholders from a financial perspective, based on the financial and capital markets, economic conditions and other circumstances as of the creation date thereof, as well as the information obtained by Plutus by that date. The Fairness Opinion (Plutus) may be affected by changes in the subsequent situation, but Plutus does not have any obligation to correct, amend, or supplement the Fairness Opinion (Plutus). The Fairness Opinion (Plutus) does not imply or suggest any opinion other than the matters expressly provided therein or in relation to any matters that may arise on or after the submission date thereof.

The Fairness Opinion (Plutus) only provides opinions that the Tender Offer Price is fair and not disadvantageous to the Company's minority shareholders from a financial perspective, and it does not express any opinion or make any recommendations regarding whether the Tender Offer should be implemented or regarding the tendering in or other conduct related to the Tender Offer. It also does not provide the owners of securities issued by the Company, its creditors or other related parties with any opinion.

The Fairness Opinion (Plutus) has been provided by Plutus to be used as the base material for decision-making regarding the Tender Offer Price by the Company's Board of Directors and the special committee, and it should not be relied on by any other parties.

③Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization

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

With the aim of ensuring the fairness of the Tender Offer Price, the Tender Offeror asked Nomura Securities, a financial advisor and third-party valuation organization independent of the Tender Offeror and the Company, to calculate the value of the Company Stock in order to determine the Tender Offer Price. Nomura Securities is neither a related party of the

Tender Offeror or the Company, nor does it have a material interest in the Tender Offer.

(ii) Overview of the Calculation of the Company Stock

After reviewing the calculation method to be adopted in the Tender Offer, Nomura Securities calculated the value of the Company Stock by using the following methods: the market share price analysis (because the Company Stock is listed on the Prime Market of the Tokyo Stock Exchange); the comparable company analysis (because it is possible to infer the value of the Company Stock through comparisons with listed companies comparable to the Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). The Tender Offeror obtained a share valuation report dated February 2, 2023, from Nomura Securities (the “Tender Offeror Valuation Report”). (Note 1)

The Tender Offeror has obtained the Tender Offeror Valuation Report from Nomura Securities, as the third party valuation organization. At the Tender Offeror’s Board of Directors meeting, the Tender Offer Price has been decided and determined after confirming that the Tender Offer Price was within the range of the calculation results.

The Tender Offeror and the Company has not obtained any opinion from Nomura Securities regarding the appropriateness of the Tender Offer Price (i.e., a fairness opinion) because they believe that measures to ensure fairness and avoid conflicts of interest have been fully taken (specifically, measures described in “①Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Company” and “⑨Measures to Ensure Opportunities for Shareholders of the Company to Appropriately Determine Whether to Tender in the Tender Offer” under “(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest”), and that sufficient consideration has been made for the interests of the Company’s minority shareholders., .

The results of calculation by Nomura Securities of the per-share value of the Company Stock are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis:	1,029 yen to 1,904 yen
DCF Analysis:	1,463 yen to 1,925 yen

Under the market share price analysis, where February 1, 2023 was the Reference Date, the per-share value of the Company Stock was calculated to range from 1,309 yen to 1,375 yen, based on the following prices of Company Stock on the Prime Market of the Tokyo Stock Exchange: the closing price on the Reference Date (1,373 yen); the simple average of the closing price for the five business days immediately preceding the Reference Date (1,341 yen); the simple average of the closing price for the one month immediately preceding the Reference Date (1,309 yen); the simple average of the closing price for the three months immediately preceding the Reference Date (1,324 yen); and the simple average of the closing price for the six months immediately preceding the Reference Date (1,375 yen).

Under the comparable company analysis, the value of the Company Stock was calculated through comparison with the market share price and financial indicators (e.g., profitability) of listed companies that engage in businesses comparatively similar to those of the Company. Using this methodology, the per-share value of the Company Stock was calculated to range from 1,029 yen to 1,904 yen.

Under the DCF Analysis, the Company’s corporate value and share value were calculated by discounting the free cash flow that is expected to be generated in the future by the Company in and after the fiscal year ending in March 2023 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in the Company’s business plan for 4 fiscal years from the fiscal year ending in March 2023 to the fiscal year ending in March 2026, the historical performance trend to the most recent, as well as other publicly available information. Using this methodology, the per-share value of the Company Stock was calculated to range from 1,463 yen to 1,925 yen.

In the business plan which served as a basis for the DCF Analysis, no significant increases or decreases in profits are expected. The synergy effects expected to realize as a result of the execution of the Transaction has not been reflected because it is difficult at this point to specifically estimate the impact on profit.

By a resolution at the Board of Directors meeting held on February 2, 2023, based on the results of discussions and negotiations with the Company, the Tender Offeror ultimately determined that the Tender Offer Price would be 1,700 yen per share, comprehensively taking into account: (i) the valuation results in the Tender Offeror Valuation Report obtained from Nomura Securities; (ii) the fact that no material issue that would affect the Tender Offer Price was found as a result of the due diligence on the Company that was carried out by the Tender Offeror during the period from early December 2022 to mid-January 2023; (iii) the financial condition of the Company; (iv) the fact that that is considered a reasonable level in light of actual examples of 39 cases of premiums granted when the purchase price was determined in the case of previous tender offers for shares by persons other than issuers announced in or after January 2019 the purpose of which is for the listed parent company to make their consolidated subsidiaries their wholly owned subsidiaries (the simple average premium level was 46.6 % immediately preceding the announcement date, 47.5 % for the one month immediately preceding the announcement date, 47.3 % for the three months immediately preceding the announcement date, and 45.2% for the six months immediately preceding the announcement date, and the median value of the premium level was 44.4 % immediately preceding the announcement date, 44.6 % for the one month immediately preceding the announcement date, 43.1 % for the three months immediately preceding the announcement date, and 43.6 % for the six months immediately preceding the announcement date); (v) whether the Board of Directors of the Company would support the Tender Offer; (vi) fluctuations in the market price of the Company Stock; and (vii) anticipated levels of tendering in the Tender Offer. Further, the Tender Offer Price exceeds the upper value of the range of the calculation result based on the market share price analysis of the Tender Offeror Valuation Report and is within the range of the calculation result based on the DCF Analysis.

The Tender Offer Price of 1,700 yen per share represents the following premiums: 23.82 % on the closing price of the Company Stock of 1,373 yen on the Prime Market of the Tokyo Stock Exchange as of February 1, 2023, which is the business day immediately preceding the date of announcement of the Tender Offer; 29.87 % on the simple average of the closing price of 1,309 yen for the one month immediately preceding February 1, 2023; 28.40 % on the simple average of the closing price of 1,324 yen for the three months immediately preceding February 1, 2023; and 23.64 % on the simple average of the closing price of 1,375 yen for the six months immediately preceding February 1, 2023.

(Note) In calculating the share value of Company Stock, Nomura Securities has assumed that all public information and information provided to it are accurate and complete, and it has not independently verified the accuracy or completeness thereof. Also, Nomura Securities neither has independently evaluated, appraised or assessed, nor has requested that any third-party organization appraise or assess, any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company or its affiliated companies (including analyzing and evaluating their individual assets and liabilities). The Company's financial forecast (including profit plans and other information) is assumed to have been reasonably examined or prepared based on the best, bona-fide forecast and decision-making that are presently available to the Tender Offeror's or the Company's management at present. Calculations by Nomura Securities reflect the information obtained and economic conditions learned by Nomura Securities up to and including February 1, 2023. Calculations by Nomura Securities are solely for reference purposes for the Tender Offeror's Board of Directors to consider the share value of the Company's stock.

(4) Prospect of Delisting and Reasons Therefor

As of today, the Company Stock is listed on the Prime Market of the Tokyo Stock Exchange. However, in accordance with the delisting criteria set by the Tokyo Stock Exchange, the Stock may be delisted using prescribed procedures, depending on the outcome of the Tender Offer, as the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Tender Offer. Even if the deal does not meet the Tokyo Stock Exchange's criteria at the time the Tender Offer is completed, after its completion, it will fall under the delisting criteria if the procedures described below in "(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" are implemented, and the Company Stock will then be delisted through the prescribed procedures. Note that, after the delisting, it will no longer be possible to trade the Company Stock on the Tokyo Stock Exchange.

(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)

As described above in "① Overview of the Tender Offer," of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, it is the Tender Offeror's policy to make the Company its wholly owned subsidiary, and if the Tender Offeror is unable to acquire all of the Company Shares (excluding Company Stock owned by the Tender Offeror and treasury shares owned by the Company) through the Tender Offer, then after the Tender Offer is completed, the Tender Offeror plans to carry out procedures using the methods listed below to acquire all Company Shares, (excluding Company Stock owned by the Tender Offeror and treasury shares owned by the Company).

① Demand for Cash-Out

If, upon completion of the Tender Offer, the Tender Offeror holds a total of 90 % or more of the collective voting rights of all Company shareholders and becomes a "special controlling shareholder" as prescribed in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005 - including all subsequent revisions; hereinafter the same), then soon after the Tender Offer is settled, the Tender Offeror plans to demand that all shareholders of the Company who did not tender to the Tender Offer (excluding the Tender Offeror and the Company) (the "Shareholders Subject to Cash-Out") sell all shares in the Company that they own (the "Demand for Cash-Out") pursuant to the provisions of Part 2, Chapter 2, Section 4-2 of the Companies Act. In the Demand for Cash-Out, the Tender Offeror plans to offer Shareholders Subject to Cash-Out an amount of money equivalent to the Tender Offer Price as the price per share for their Company Stock. In this case, the Tender Offeror will notify the Company of its intention to do so, and seek the Company's approval for the Demand for Cash-Out. If the Company, through a resolution of its Board of Directors, approves the Demand for Cash-Out, the Tender Offeror will, in accordance with the procedures set forth in relevant laws and regulations and without the need to obtain the approval of the Shareholders Subject to Cash-Out, obtain all of the Company Shares owned by all Shareholders Subject to Cash-Out, on the acquisition date specified in the Demand for Cash-Out. Furthermore, the Tender Offeror will offer the same amount of money per share of the Company Stock as that of the Tender Offer Price in compensation for the shares owned by the Shareholders Subject to Cash-Out. If the Tender Offeror informs the Company of its intent to execute a Demand for Cash-Out and issue notification of the matters prescribed in Article 179(2), Paragraph 1 of the Companies Act, then the Company plans to approve the Demand for Cash-Out at a meeting of its Board of Directors .

One of the procedures in the Companies Act that is meant to protect the rights of minority shareholders in the above process, allows Shareholders Subject to Cash-Out to petition a court to determine the sale price of the Company shares they own pursuant to Article 179(8) of the Companies Act and other relevant laws and statutory regulations, if a Demand for Cash-Out is made. Further, if such a petition is filed, the sale price of the Company Stock will be ultimately determined by court.

② Share Consolidation

On the other hand, if the total number of voting rights of the Company Shares owned by the Tender Offeror is less than 90 % of the number of voting rights of all Company shareholders after the Tender Offer is completed, then soon after settlement, the Tender Offeror plans to request the Company to call an extraordinary general meeting of Company shareholders (the "Extraordinary Shareholders Meeting") pursuant to Article 180 of the Companies Act; a meeting that will include proposal agenda items for a consolidation of Company shares (the "Share Consolidation") and an amendment to the Articles of Incorporation to abolish the number of unit shares stipulated therein, on condition that the Share Consolidation takes effect. The Tender Offeror believes that it is preferable to hold the Extraordinary

Shareholders Meeting as promptly as possible from the view point of enhancing the corporate value of the Company, and it plans to request the Company to issue a public notice of the establishment of a Reference Date during the Tender Offer Period with the reference date for the Extraordinary Shareholders Meeting being a date close to and after the date of the commencement of the settlement for the Tender Offer (planned on March 31, 2023 as of today). As of today, the Company intends to hold an Extraordinary Shareholders Meeting scheduled for May 2023, at the Tender Offeror's request. Note that the Tender Offeror intends to vote in favor of both the proposed agenda items listed above at this Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, then as of the date that the consolidation takes effect, the number of shares owned by Company shareholders will be in proportion to the share consolidation ratio approved at the Extraordinary General Meeting. If the Share Consolidation results in fractions of less than one share, then the Company shareholders with fractional shares will, in accordance with the procedures set forth in Article 235 of the Companies Act and other relevant laws and statutory regulations, be paid the money that would have been obtained by selling the Company Shares equivalent to the total number of fractions to the Company or the Tender Offeror (note that if the total number of fractions include a fraction that is less than 1 share, then that fraction will be rounded down; the same to apply hereinafter). Regarding the sale price of the Company Shares that equate to the sum total of the fractions, the Tender Offeror plans to ensure that the sale results in the amount paid to Company shareholders who did not tender to the Tender Offeror (except for the Tender Offeror and the Company) being the same as the Tender Offer Price multiplied by the number of the Company Shares owned by each such shareholder, before asking the Company to petition the court to endorse the discretionary sale of these shares. Although as of today, the consolidation ratio for Company Stock has yet to be determined, it is expected that it will be set so that any shareholders (excluding the Tender Offeror and the Company) who did not tender to the Tender Offeror end up owning a fraction of less than one share of Company Stock, allowing the Tender Offeror to become the sole owner of all Company shares (excluding treasury shares owned by the Company).

As the procedures under the Companies Act relevant to the above procedures for the purpose of protecting rights of minority shareholders, pursuant to the provisions of Articles 182(4) and 182(5) of the Companies Act and other relevant laws and statutory regulations, if the Share Consolidation results in fractional shareholdings of less than one share, then the Company shareholders may ask the Company to purchase all fractional shares (less than one share) that they own at a fair market price and may file a petition with the court to determine the price of the Company shares. Further, if such a petition is filed, the purchase price of the Company Stock will be ultimately determined by court.

Note that, the Tender Offer is in no way intended to solicit support from shareholders of the Company at the Extraordinary Shareholders Meeting.

Each of the procedures mentioned in ① and ② above may take time, or may require changes to the method of implementation, depending on the status of revisions, enforcement, or interpretation by the authorities etc., of the relevant laws and statutory regulations. Note that, even in such an event, upon successful completion of the Tender Offer, the plan is to adopt a method which ensures that the Company shareholders who did not tender to the Tender Offer (excluding the Tender Offeror and the Company) are ultimately paid an amount of money that equates to the number of shares they own in the Company multiplied by the Tender Offer Price. However, if a petition is filed to determine the trading price in connection with a Demand for Cash-Out, or alternatively to determine the price of shares purchased in a Share Consolidation, then ultimately the price will be determined by the court.

In order to ensure that the only shareholder entitled to vote at the Company's annual general meeting of shareholders for the fiscal year ending March 2023 (the "Annual Shareholders Meeting"), which is scheduled to be held in June 2023, is the shareholder remaining after the Squeeze-out Procedures (i.e. the Tender Offeror) then, subject to the successful completion of the Squeeze-out Procedures, the Tender Offeror intends to request that the Company partially amend its Articles of Incorporation to abolish the provisions therein concerning the record date for eligibility to vote at an Annual Shareholders Meeting and to do so without delay after March 31, 2023; whereupon the Company shall hold a shareholder meeting to make the partial amendment to the Articles of Incorporation soon after the said request (and before the Annual Shareholders Meeting in June, 2023 at the latest). Consequently, even if shareholders are listed or recorded in the Company's shareholder register as of March 31, 2023, they may not be able to exercise their voting rights at the Annual Shareholders Meeting.

The specific procedures and timings, etc. for each of the scenarios listed above will be discussed by the Tender Offeror and the Company, and announced by the Company as soon as decisions are made. Furthermore, Company shareholders are responsible for confirming their own tax status with a tax expert if they tender to the Tender Offer or are subject to either of the squeeze-out procedures listed above.

(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

The Tender Offeror and the Company have both implemented the following measures in order to ensure fairness of the Transaction, realizing and in response to the following issues: (i) the Company is a consolidated subsidiary of the Tender Offeror; and (ii) the Transaction, which includes the Tender Offer, constitutes a significant transaction with the Company's controlling shareholder, and is a transaction where the issues of structural conflicts of interest and of asymmetry of information typically subsist between the Tender Offeror and the Company's minority shareholders.

As described in "①Overview of the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, since the Tender Offeror owns 54,991,175 shares of the Company Stock (ownership ratio: 51.45 %) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not set such a minimum planned purchase quantity that would satisfy the "majority of minority" in the Tender Offer. However, as both the Tender Offeror and the Company have put in place the measures described below, the Tender Offeror believes that sufficient consideration has been given to the interests of minority shareholders of the Company. The special committee has decided in the Written Report that given that other measures to ensure fairness are considered to have been fully taken, the absence of such a majority of minority conditions will not be a specific issue in relation to the measures to ensure fairness. The Company has also reached this decision.

The measures described below taken by the Tender Offeror are based on explanations received from the Tender Offeror.

① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company

(i) Background to the Establishment

The Company established a special committee by a resolution of the Company's Board of Directors meeting held on November 29, 2022, as described in "④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above. Before establishing the special committee, the Company had notified all of its independent outside directors and independent outside audit and supervisory board members individually of the following from November 2, 2022 on which it received the Tender Offeror's proposal to make the Company its wholly owned subsidiary, with the advice of Oh-Ebashi LPC & Partners, in order to establish a system to consider, negotiate and make decisions for the Transaction so as to enhance its corporate value and secure the interests of its minority shareholders independent from the Tender Offeror: (a) the Company had received a proposal for the Transaction from the Tender Offeror; and (b) it would be necessary to take full measures to secure the appropriateness of the terms of the Transaction, including establishing the special committee, in considering and negotiating the Transaction, as the Transaction typically involved the issues of structural conflicts of interest and of asymmetry of information. At the same time, the Company also ascertained the independency and qualification of its independent outside officers who would be candidates for the special committee members, with the advice of Oh-Ebashi LPC & Partners. After confirming that the prospective candidates were independent of the Tender Offeror (it has been confirmed that Masahiro Yurino, Sachiko Hirabayashi, Hitoshi Tanaka, and Go Saeki have no material interest in the Tender Offeror or the Company), and that they did not have any material interest in the success or failure of the Transaction that differed from that of the Company's minority shareholders, with a view to forming an adequately-sized special committee while ensuring a balance of knowledge, experience and ability within the special committee as a whole, the Company selected, with the advice of Oh-Ebashi LPC & Partners, the following four persons as candidates for the special committee members: Masahiro Yurino (an independent outside director of the Company, professor emeritus at Doshisha University, and auditor at Doshisha University), who possesses expertise regarding accounting and auditing gained through his long-standing career as a university professor; Sachiko Hirabayashi (an independent outside director of the Company, advisor of Kyoto Chuo Shinkin Bank, and Trustee/Councilor of the Ritsumeikan Trust), who possesses expertise regarding business management, finance and accounting gained through her long-standing career engaged in financial business; Hitoshi Tanaka (an independent outside audit and supervisory board member of the Company, attorney/partner at Yodoyabashi & Yamagami Legal Professional Corporation, and outside director of Tayca Corporation), who possesses abundant experience and expertise gained through his long-standing career as an expert engaged in corporate law and other legal affairs; and Go Saeki (an independent outside audit and supervisory board member of the Company and a certified public accountant), who possesses abundant experience and expertise as an expert gained through his long-standing career engaged in statutory corporate auditing (the membership of the special committee has not been changed since its establishment).

Then, the Company established the special committee pursuant to a resolution at the Company's Board of Directors meeting held on November 29, 2022, and consulted with the special committee on the Advisory Matters as described in "④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above. In addition, in establishing the special committee, the Board of Directors of the Company resolved that it should respect the special committee's determinations to the fullest extent in making decisions regarding the Transaction, and that if the special committee determines that the terms of the Transaction are not appropriate, the Board of Directors of the Company should not agree to the Transaction on such terms. The Board of Directors of the Company further resolved to grant to the special committee the following authorities: (i) to receive information required for considering and deciding on the Transaction from the Company's officers and employees; (ii) to express opinions to the Company on negotiations regarding the terms of the Transaction; (iii) to approve (including ratification) the Company's outside professional advisors appointed by the Company; (iv) to seek advice of the Company's outside professional advisors at the cost of the Company; and (v) to appoint and seek advice of the special committee's own third-party valuation organization at the cost of the Company (including requesting obtaining share valuation reports and fairness opinions).

At the above Board of Directors meeting of the Company, all directors of the Company unanimously adopted the above-mentioned resolution after deliberation.

A fixed-amount fee is to be paid to each of the members of the special committee in consideration of their work, irrespective of the contents of their report.

(ii) Background to the Consideration

During the period from November 29, 2022 through February 2, 2023, a total of nine meetings of the special committee were held, and a total of approximately 15 hours were spent in the meetings. In addition, the special committee executed its duties related to the Advisory Matters between those meeting dates by way of frequently sharing reports and information, and engaging in discussions and decisions via electronic mail and online meetings.

Specifically, the special committee approved the appointment of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as the Company's financial advisor and third-party valuation organization, and Oh-Ebashi LPC & Partners as the Company's legal advisor after confirming that there were no issues regarding their independence and expertise. The special committee also confirmed that it had no objection to receiving professional advice from those advisors.

The special committee also considered the independence, expertise and past performance of the candidates for the third-party valuation organization and appointed Plutus on December 13, 2022, as a third-party valuation organization independent of the Tender Offeror and the Company. The special committee has confirmed that Plutus is not a party related to the Tender Offeror or the Company and does not have any material interest in the Transaction, including the Tender Offer, and that there is no other issue concerning its independence in connection with the Transaction.

Thereafter, the special committee conducted a review of the measures that should be taken to ensure fairness of the procedures of the Transaction, taking into account the opinion obtained from Oh-Ebashi LPC & Partners.

The special committee sent to the Tender Offeror a written questionnaire regarding, among other things, the purposes, reasons and the like of the Transaction, the background and purpose of choosing to implement the Transaction at this time, the management policy, governance and the like of the Company after the Transaction, any disadvantages of the Transaction, and the process, terms and the like of the Transaction. Regarding these matters, the special committee received explanations directly from Hideo Hato (Representative Director and Senior Managing Director) of the Tender Offeror by means of a written response, and held a question-and-answer session.

The special committee also requested the attendance at its meeting by Shigeo Saito (Chairman of the Board), Yoshihiro Matsushita (President), Yukifumi Teramoto (Managing Director), Kenji Kobayashi (Managing Director), Kimito Nishikawa (Managing Executive Officer), Kazuhisa Nitta (Managing Executive Officer), Kenji Iwanaga (General Manager, Corporate Planning Department), and Hiroyuki Imon (General Manager, Legal Department). At the meeting, the special committee obtained their opinions as the Company's management and other related information regarding the matters including the following, and held a question-and-answer session: the significance and the purpose of the Transaction; the timing and method of the Transaction; the management policy and governance of the Company after the Transaction; and the principle for the Company's share value.

In addition, the special committee confirmed the reasonableness of the substance of, and approved, the Business Plan prepared by the Company and the background of the preparation thereof, among other things, taking into consideration the advice of Plutus from a financial perspective. Based on the confirmation and approval of the Business Plan by the special committee, the Company passed a resolution for the content of the Business Plan at the Company's Board of Directors meeting held on December 23, 2022, and presented it to the Tender Offeror and Nomura Securities on the same date. As stated in "① Share Valuation Report and Fairness Opinion Obtained by the Company from an Independent Third-Party Valuation Organization" and "② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" above, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Plutus conducted the valuation of the Company Stock based on the Business Plan, and the special committee received from them an explanation on the calculation methods used for their valuations of the Company Stock, the reason for adopting such calculation methods, the details of the valuation by each calculation method, and important assumptions. The special committee confirmed the reasonableness of these matters after a question-and-answer session, and considering the differences of the results of their calculations. Also, as stated in "① Share Valuation Report and Fairness Opinion Obtained by the Company from an Independent Third-Party Valuation Organization" and "② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" above, the special committee received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) provided by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. to the Company, and also received the Fairness Opinion (Plutus) on February 1, 2023. At that time, the special committee received from each of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Plutus, and confirmed, an explanation on the content and important assumptions of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Plutus).

Ever since the Company has received the first proposal from the Tender Offeror to set the Tender Offer Price at 1,550 yen per share (premium of 21.28 % on the closing price of the Company Stock of 1,278 yen), the special committee has, each time the Company received proposals of the Tender Offer Price from the Tender Offeror, has been given reports from time to time by the Company and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the Target's point of contact for the negotiations, about the substance and the negotiation process, and deliberated and considered the substance, upon advice of Plutus from a financial perspective and opinion from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. from a financial perspective. Also, the special committee was substantially involved in the negotiation process for the terms and conditions of the Transaction, such as being provided with prior explanation from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. about its negotiation with and response to the Tender Offeror, providing opinions as necessary, approving after question and answer sessions, and making instructions and requests to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. As a result, on January 31, 2023, the Company received an offer from the Tender Offeror, which offered, among other things, to set the Tender Offer Price at 1,700 yen per share, and on February 2, 2023, the Company responded to the Tender Offeror of its acceptance, and the Company has agreed with the Tender Offeror to set the Tender Offer Price at 1,700 yen. This represents a total of 4 increases in price and a 9.68 % (rounded off to two decimal places) increase from the price proposed in the initial offer.

Moreover, on multiple occasions, the special committee received from Oh-Ebashi LPC & Partners an explanation on the substance of a draft of the Company Press Release, and has confirmed that sufficient information disclosure would be made by the Company.

(iii) Details of the Decision

Under the circumstances described above, the special committee carefully discussed and reviewed the Advisory Matters on multiple occasions, taking into account the advice of Plutus from a financial perspective, and the content of the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) provided on February1, 2023. As a result, based on unanimous consent of the members, the special committee submitted to the Board of Directors of the Company a Written Report as of February 2, 2023 as summarized below:

(a) Details of the Written Report
   i. The Transaction will contribute to enhancement of the Company's corporate value, and the purpose thereof is considered reasonable.
   ii. The terms of the Transaction (including the consideration for the Transaction) are considered appropriate.
   iii. Sufficient consideration has been given to the interests of the Company's minority shareholders through fair procedures in the Transaction.
   iv. It is considered appropriate and not disadvantageous to the Company's minority shareholders for the Company's Board of Directors to decide: to express an opinion in support of the Tender Offer; to recommend that the Company shareholders tender their shares in the Tender Offer; and to execute the procedures to make the Company the Tender Offeror's wholly owned subsidiary after the Tender Offer.

(b) Reasons for the Written Report
   i. It is considered that the Transaction will contribute to enhancement of the Company's corporate value and that the purpose thereof is considered reasonable, due to the following reasons:

- Regarding the purpose of the Transaction and the specific content of the corporate value of the Company that is expected to be enhanced, and the Tender Offeror's thoughts regarding the management policy of the Company after the completion of the Transaction, as a result of inquiries to the Company and the Tender Offeror, the special committee did not find any unreasonable points in the content of the explanation stated in"(i) Background to the Tender Offer," and "(ii) Background and Purpose of the Decision to Implement the Tender Offer" under "②Background, Purpose, and Decision-Making Process of the Tender Offeror's Decision to Implement the Tender Offer," "③ Post-Tender Offer Management Policy," and "④Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer" above.
- In light of the market environment surrounding the Company, the business challenges of the Company, certain limitations in the mutual use of the client base and business basis, etc. of the Tender Offeror's Group and the Company's Group, and the future outlook, etc. of the business of the Company, implementation of the Transaction can be expected to obtain the results of each of the synergies listed in "④Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" of "(2)Grounds and Reasons for the Opinion on the Tender Offer" above, and to lead to overcoming business challenges, and even taking into account certain dis-synergies that may happen as a result of the Transaction, it is recognized that it will contribute to the corporate value of the Company for all stakeholders, including employees.

ii. The terms of the Transaction (including the consideration for the Transaction) are considered appropriate, due to the following reasons:

- The special committee received a detailed explanation of the calculation methods, etc. used in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Share Valuation Report (Plutus), and received responses to its questions to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Plutus concerning (i) the valuation methods, (ii) the analysis of market price and sales in the market price method, (iii) the selection of comparable companies in the comparable company analysis, (iv) the selection of indicators used as multiples, (v) the business plan that formed the basis for the calculations in the DCF Analysis, (vi) the financial forecasts and the calculation method for going value that formed the assumptions of that business plan, and (viii) the calculation basis for the discount value, etc. As a result of its discussions, and consideration of the differences of the results of their calculations, the special committee found no unreasonable points considering the general evaluation practice and found no unreasonable points regarding the process of preparing the Company financial forecasts that formed the assumptions of those calculations.
- It is acknowledged that the Tender Offer Price of 1,700 per share, along with exceeding the upper value of the range calculated based on the market price method by the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Share Valuation Report (Plutus), also exceeds the upper value of the range resulting from the calculation based on the comparative company method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). It also lies within the range resulting from the calculation based on the DCF Analysis of the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Share Valuation Report (Plutus), and is close to the level of the median value of the range (the price of one share of the Company Stock calculated using the median value of the

figures used in the sensitivity analysis of the discount rate which forms the basis for the calculation by the DCF Analysis) of the calculation by the DCF Analysis of the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd..

- The Tender Offer Price 1,700yen adds a premium of 23.82 % over 1,373 yen, the closing price of the Company Stock on the Prime Market of the Tokyo Stock Exchange on February 1, 2023, 29.87 % over 1,309 yen, the average closing price of the month preceding February 1, 2023, 28.40 % over 1,324 yen, the average closing price of the preceding three months, and 23.64 % over 1,375 yen, the average closing price of the preceding six months. This premium is within the range of premiums in other cases (Note) of purchases by a parent company with the purpose of de-listing a listed subsidiary, and is confirmed that it exceeds the maximum closing price of the past five years of 1,643 yen, as well as the maximum market price of 1,674 yen.

(Note) This is in reference to premium rates of 17 cases which were publicly announced on and after June 28, 2019 when the Ministry of Economy, Trade and Industry published the "Fair M&A Guidelines,", up until January 31, 2023, and in which the purchase price was 50 billion yen or more and the total voting rights ratio of the tender offeror and its specially related parties prior to the tender offer was 25% or more (however, this excludes acquisitions by funds, MBO, and cases that are not appropriate to refer to due to leakage, etc.); in these cases, the ranges of the premiums on the closing price on the business day immediately preceding the announcement date and the simple average closing price for the immediately preceding one month, the immediately preceding three months, and the immediately preceding six months were 17 to 85 %, 21 to 82 %, 22 to 81 %, and 11 to 80 %, respectively.

- As shown in iii below, in recognizing that the procedures for the negotiation process leading to the Transaction including the Tender Offer are fair, it is recognized that the Tender Offer Price was decided based on the results of those negotiations.
- While it is expected that the Transaction will be implemented by the two-stage purchase in which the Tender Offer will be conducted by the Tender Offer in exchange for cash, followed by procedures for taking the company private (by demand for cash-out and share consolidation. This is the same as the "Squeeze-out Procedures" as defined in this press release), this method is considered to be reasonable because it is a common method that has been used in cases similar to the Transaction, and opportunities have been secured for objections concerning the value for minority shareholders.
- The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Plutus) that state that the Tender Offer Price is appropriate from a financial perspective for shareholders of the Company (excluding the Tender Offeror and its affiliated companies) are obtained.

iii. It is considered that sufficient consideration has been given to the interests of the Company's minority shareholders through fair procedures in the Transaction, due to the following reasons:

- In light of the fact that the Company is a consolidated subsidiary of the Tender Offeror, and the Transaction, which includes the Tender Offer, is a transaction in which the issues of structural conflicts of interest and asymmetry of information typically exist for the Company, in the course of reviewing the Transaction from the perspective of securing fairness, while obtaining advice and opinions from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the financial advisor independent of both the Company and the Tender Offeror, and its legal advisor Oh-

Ebashi LPC & Partners, after the establishment of a special committee independent of both the Company and the Tender Offeror, the Company carried out careful discussions and consultations about the appropriateness of the terms and conditions of the Tender Offer, starting with the Tender Offer Price, and the fairness of the series of procedures of the Transaction, from the perspective of enhancing the corporate value of the Company and securing the interests of the minority shareholders of the Company. However, in the establishment of the special committee, the Board of Directors of the Company decided that in the decision-making process related to the Transaction, it would give the utmost respect to the decision of the special committee when making decisions about the Transaction, and if the special committee decided that the terms and conditions of the Transaction were not appropriate, it would not approve the Transaction under those conditions.

- The special committee confirmed that there were no problems with the independence or professionalism of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Oh-Ebashi LPC & Partners, and also confirmed that there were no objections to receiving professional advice from these advisors. In addition, the special committee confirmed that there was no problem with the independence and professionalism of Plutus, and selected Plutus as the independent third-party valuation organization, and is receiving advice from Plutus from a financial standpoint including policy for negotiation with the Tender Offeror.
- Following the negotiation policy that had been approved in advance by the special committee, the Company held multiple practical discussions and negotiations with the Tender Offeror about the Tender Offer Price in order to ensure its fairness from the perspective of protecting the interests of the minority shareholders. Specifically, the Company used Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as a point of contact to conduct price negotiations, including by submission of written questions and answers approved by the special committee, via Nomura Securities, the financial advisor of the Tender Offeror. As a result of negotiations between the Company and the Tender Offeror, by the time the decision about the Tender Offer Price of 1,700 yen per share was reached, the price had increased to a total amount of 150 yen (an increase of 9.68 % over the initial proposal) (rounded to the second decimal place) from the Tender Offeror of 1,550 yen per Company Share.
- At the Company's Board of Directors meeting, it is planned that all six directors of the Company will unanimously resolve to express their opinion to support the Transaction and recommend that the Company shareholders tender their shares in the Tender Offer. It is assumed that all five audit and supervisory board members in attendance at the above Board of Directors meeting will respectively state that they have no objection to the aforementioned resolution.
- Three of the Company's directors—Shigeo Saito (Chairman), Yoshihiro Matsushita (President), and Yukifumi Teramoto (Managing Director)—are originally from the Tender Offeror, but it was deemed unlikely that any conflict of interest would arise in the Company's decision-making regarding the Transaction because a certain period of time had passed since they had commenced serving the Company exclusively, and none of them were involved, or in the capacity to be involved, in the Transaction from the side of the Tender Offeror.
- The Tender Offeror and the Company have not entered into any agreement that limits the opportunities for the Company to have contact with a an offeror other than the Tender Offeror (a "Competing Offeror") other than the Tender Offeror, such as an agreement that includes deal protection provisions that prohibit the Company from having contact with a Competing Offeror.

The Tender Offeror has made sure not to hinder opportunities for competing purchases. Accordingly, the Tender Offeror has given consideration to securing the fairness of the Tender Offer.

- The Tender Offeror will not adopt any methods that do not secure, for the Company shareholders, the right to demand the purchase of shares or the determination of price; and in conducting the Demand for Cash-Out or the Share Consolidation, the cash delivered to the Company's shareholders as consideration will be calculated to equal the Tender Offer Price multiplied by the number of shares of the Company Stock owned by the respective shareholders (excluding the Tender Offeror and the Company). Accordingly, the Tender Offeror has considered avoidance of coerciveness by securing the opportunity for the Company shareholders to appropriately decide whether to tender in the Tender Offer.

- The Tender Offeror has set a Tender Offer Period of 32 business days, which is longer than the minimum period of 20 business days provided by relevant laws and regulations. By setting such a comparatively long Tender Offer Period, the Tender Offeror has secured an appropriate opportunity to allow the Company shareholders to decide whether to tender their shares in the Tender Offer.

- The special committee confirms that it has received an explanation of the content of drafts of the statement of opinion and the press release about the statement of opinion to be provided by the Company, as well as the Tender Offer Explanation that the Tender Offeror plans to publish, and has confirmed their contents after receiving advice from Oh-Ebashi LPC & Partners.

- A "majority of minority" condition is not expected to be established in the Tender Offer. On this point, the Transaction is considered to contribute to the corporate value of the Company, and although the appropriateness of that transaction condition is recognized, if a minimum planned purchase quantity that would satisfy the "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Furthermore, in the Transaction, other measures to ensure fairness have been provided by the Company. Considering these points, given that other measures to ensure fairness are considered to have been fully taken, the absence of such a majority of minority conditions will not be a specific issue in relation to the measures to ensure fairness.

- In these discussions, considerations and negotiations, no undue influence of the Company by the Tender Offeror was confirmed.

iv. As stated above, it is considered that the purpose of the Transaction is reasonable and the terms thereof are appropriate, and that sufficient consideration has been given to the interests of the Company's minority shareholders through fair procedures in the Transaction. Therefore, it is considered appropriate and not disadvantageous to the Company's minority shareholders for the Company's Board of Directors to decide: to express an opinion in support of the Tender Offer; to recommend that the Company shareholders tender their shares in the Tender Offer; and to execute the procedures to make the Company Tender Offeror's wholly owned subsidiary after the Tender Offer.

② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization

As described in "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's

Written Report, by the Company" above, the special committee appointed Plutus as its own third-party valuation organization independent of the Tender Offeror and the Company, received advice from a financial perspective, including advice on the valuation of the Company Stock and the strategies to use when negotiating with the Tender Offeror, and obtained the Share Valuation Report (Plutus) on February 1, 2023. The special committee also obtained the Fairness Opinion (Plutus) from Plutus stating that the Tender Offer Price of 1,700 yen per share is, from a financial perspective, fair for the minority shareholders of the Company. For the overview of the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus), please see "② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" above.

Plutus is neither a related party of the Tender Offeror or the Company, nor does it have a material interest in the Transaction, including the Tender Offer. For the independence of Plutus, please see "(ii) Background to the Consideration" of "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" above.

③ Advice Obtained from an Independent Legal Advisor to the Company

As described in "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" above, the Company appointed Oh-Ebashi LPC & Partners as its legal advisor independent of the Tender Offeror and the Company. The Company has received legal advice therefrom, including advice on the measures to take in order to secure the fairness of the procedures in the Transaction; the procedures in the Transaction; and the method and process of decision-making by the Company regarding the Transaction.

Oh-Ebashi LPC & Partners is neither a related party of the Tender Offeror or the Company, nor does it have a material interest in the Transaction, including the Tender Offer.

④ Share Valuation Report and Fairness Opinion Obtained by the Company from an Independent Financial Advisor and Third-Party Valuation Organization

As described in "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" above, the Company appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation organization independent of the Tender Offeror and the Company, received advice and assistance from a financial perspective, including advice on the valuation of the Company Stock and the strategies to use when negotiating with the Tender Offeror, and obtained the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) on February 1, 2023. The Company also obtained the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. stating that the Tender Offer Price of 1,700 yen per share is, from a financial perspective, deemed to be reasonable for the shareholders (other than the Tender Offeror and its affiliated companies) of the Company. For the overview of the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), please see "① Share Valuation Report and Fairness Opinion Obtained by the Company from an Independent Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" above.

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is neither a related party of the Company or the Tender Offeror, nor does it have a material interest in the Transaction.

⑤ Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization

In determining the Tender Offer Price, the Tender Offeror asked Nomura Securities, its financial advisor and third-party valuation organization independent of the Tender Offeror and the Company to calculate the value of the Company Stock, and the Tender Offeror obtained the Tender Offeror Valuation Report on the results of the calculation of the Company's share value on February 2, 2023. For details of the Tender Offeror Valuation Report on the results of the calculation of the Company's share value obtained by the Tender Offeror from Nomura Securities, please see "③Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization" of "(3) Matters Concerning Calculation" above.

⑥ Establishment of Independent Consideration System at the Company

The Company has internally established a system to consider, negotiate and make decisions for the Transaction independently from the Tender Offeror. Specifically, promptly after receiving an initial proposal on the transaction by the Tender Offeror to make the Company its wholly owned subsidiary, the Company launched a review team consisting of nine officers and employees (not including those who are secondees from the Tender Offeror or those who have been transferred from the Tender Offeror within the past three years) from the Company's Corporate Planning Department, Financial & Accounting Department, Power Supply & Environment System Business Unit, Beam and Plasma Division, Equipment & Parts Business Management Division, Research and Development Unit, Production Engineering Department, Legal Department, and HR Department, and that review team was thereafter involved, with the special committee, in the process of negotiation with the Company and the Tender Offeror on the terms and conditions of the Transaction and the process of preparation of the business plan serving as the basis for the assessment of the value of the Company Stock. Moreover, the Company did not allow any of its officers or employees who was an officer or employee of the Tender Offeror until recently as well as those who presently concurrently serve as officer or employee of the Tender Offeror to be involved in the process of negotiation with the Company and the Tender Offeror on the terms and conditions of the Transaction and the process of preparation of the business plan serving as the basis for the assessment of the value of the Company Stock from the perspective of eliminating issues of structural conflicts of interest.

The system to consider the Transaction established by the Company (including the scope and duties of the officers and employees of the Company involved in consideration, negotiation, and making decisions for the Transaction) was based on the advice of Oh-Ebashi LPC & Partners, and the special committee has confirmed that there were no issues with such system from the perspective of its independence and fairness.

⑦ Approval of All Directors of the Company and Opinion of All Audit and Supervisory Board Members of the Company That They Have No Objections

As described in "④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Board of Directors of the Company carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to enhancement of its corporate value, and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the fullest extent the special committee's determinations presented in the Written Report, based on the following: (i) legal advice received from Oh-Ebashi LPC & Partners; (ii) advice from a financial perspective received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.; (iii) the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.); (iv) the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.); and (v) the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) provided through the special committee.

As a result, as described in "④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Company decided that (i) the Transaction, including the Tender Offer, contributes to enhancement of the Company's corporate value; and (ii) the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate so as to ensure the interests that the Company's minority shareholders would be entitled to receive, and the Tender Offer provides the Company's minority shareholders with reasonable opportunities to sell their shares of Company Stock at a price including an appropriate premium. At the Company's Board of Directors meeting held today, following their deliberation all six directors of the Company unanimously resolved to express their opinion to support the Tender Offer and recommend that the Company shareholders tender their shares in the Tender Offer.

The above mentioned Company's Board of Directors meeting held today was attended by five audit and supervisory board members of the Company, and the audit and supervisory board members in attendance respectively stated that they had no objection to the aforementioned resolution.

Three of the Company's directors, Shigeo Saito (Chairman of the Board), Yoshihiro Matsushita (President), and Yukifumi Teramoto (Managing Director), are originally from the Tender Offeror, but participated in the deliberations and resolutions at the aforementioned Board of Directors meeting, in order to secure a quorum of the Board of Directors meeting, and because it was unlikely that any conflict of interest would arise in the Company's decision-making regarding the Transaction, for the following reasons: (i) at least three years had passed since each of those directors had commenced serving the Company exclusively; and (ii) none of them were involved, or in the capacity to be involved, in the Transaction from the side of the Tender Offeror. The aforementioned handling was based on the advice of Oh-Ebashi LPC & Partners, and the special committee has confirmed that there were no issues with such handling from the perspective of fairness.

⑧ Measures to Ensure Opportunities for Other Purchasers to Purchase

The Tender Offeror and the Company have not entered into any agreement that limits the opportunities for the Company to have contact with a competing offeror other than the Tender Offeror, such as an agreement that includes deal protection provisions that prohibit the Company from having contact with a competing offeror. The Tender Offeror has given consideration to securing the fairness of the Tender Offer by not hindering opportunities for a competing offer.

⑨ Measures to Ensure Opportunities for Shareholders of the Company to Appropriately Determine Whether to Tender in the Tender Offer

As stated in "(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" above, the Tender Offeror has expressed the following: (i) the Tender Offer intends to request, promptly after the completion of the settlement of the Tender Offer, that the Company hold the Extraordinary Shareholders Meeting whose agenda includes: (a) that the Tender Offeror conduct the Demand for Cash-Out with respect to all shares of Company Stock (excluding shares of the Company Stock owned by the Tender Offeror and treasury shares owned by the Company) commensurate with the number of shares acquired upon the successful completion of the Tender Offer; or (b) that the Company conduct the Share Consolidation and partially amend its Articles of Incorporation to abolish the unit share clause, on condition that the Share Consolidation becomes effective; and the Tender Offeror will not adopt any methods that do not secure, for the Company's shareholders, the right to demand the purchase of shares or the determination of price; and (ii) in conducting the Demand for Cash-Out or the Share Consolidation, the cash delivered to the Company's shareholders as consideration will be calculated to equal the Tender Offer Price multiplied by the number of shares of the Company Stock owned by the respective shareholders (excluding the Tender Offeror and the Company). Accordingly, the Tender Offeror has considered avoidance of coerciveness by securing the opportunity for the Company's shareholders to appropriately decide whether to tender in the Tender Offer.

The Tender Offeror has set a Tender Offer Period of 32 business days, which is longer than the minimum period of 20 business days provided by relevant laws and regulations. By setting such a comparatively long Tender Offer Period, the Tender Offeror intends to secure an appropriate opportunity to allow the Company shareholders to decide whether to tender their shares in the Tender Offer, and at the same time, to ensure the appropriateness of the Tender Offer Price.

4. Matters Concerning Material Agreements Between the Tender Offeror and the Company Shareholders Pertaining to the Tendering in the Tender Offer

Not Applicable.

5. Details of Benefits Provided by the Tender Offeror or a Specially Related Parties

Not Applicable.

6. Approach to the Basic Policy on the Control of the Company

Not Applicable.

7. Questions for the Tender Offeror

Not Applicable.

8. Request for Extension of the Tender Offer Period

Not Applicable.

9. Future Outlook

Please see "② Background, Purpose, and Decision-Making Process of the Tender Offeror's Decision to Implement the Tender Offer," "③ Post-Tender Offer Management Policy" and "④ Background to and Reasons for Making a Decision by the Company to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer," as well as "(4) Prospect of Delisting and Reasons Therefor" and "(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above.

10. Matters Concerning the Transactions with the Controlling Shareholder

(1) Transaction that Constitutes a Transaction with a Controlling Shareholder and Compliance with the Guidelines on the Policies for Protection of Minority Shareholders

The Tender Offeror is the Company's controlling shareholder (parent company), and therefore the Company's expression of opinion on the Tender Offer constitutes a transaction with the controlling shareholder. The Company's Corporate Governance Report issued on June 17, 2022 provides as follows: as the "Policy on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder," the Company decides on the terms and conditions of each transaction with the Tender Offeror, the parent company, fairly and appropriately by taking typical terms and conditions in the market into consideration and ensuring that the terms and conditions of the transaction with the Tender Offeror do not differ significantly from those of the transactions with companies other than the parent company; and the Company established the Parent-Subsidiary Transaction Council Committee consisting of outside officers on November 26, 2021, and the Council Committee deliberates and considers any material transactions and activities that create a conflict of interest between the parent company and minority shareholders and submits its recommendations to the Board of Directors.

With respect to the Transaction, including the Tender Offer, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above, the Company has taken measures to address the issues of structural conflicts of interest and of asymmetry of information and ensure fairness of the terms and conditions of the Transaction, including the Tender Offer Price, and has had the Parent-Subsidiary Transaction Council Committee deliberate and consider the terms and conditions of the Transaction. Therefore, the Company believes that the Company has complied with the policy.

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

As described in "(1) Transaction that Constitutes a Transaction with a Controlling Shareholder and Compliance with the Guidelines on the Policies for Protection of Minority Shareholders" above, since the Transaction, including the Tender Offer, constitutes a transaction with the controlling shareholder of the Company, the Company determined that the measures to ensure the fairness and to avoid conflicts of interest are necessary. Accordingly, the Company made a decision on the Transaction, including the Tender Offer, after ensuring the fairness and avoiding conflicts of interest through the measures described in "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above.

(3) Overview of the Opinion Obtained from a Person Without Interest in the Controlling Shareholder that the Transactions are not Disadvantageous to the Minority Shareholders

On February 2, 2023, the Company obtained the Written Report from the special committee to the effect that the special committee believes it is not disadvantageous to the Company's minority shareholders for the Company's Board of Directors to decide: to express an opinion in support of the Tender Offer; and to recommend that the Company shareholders tender their shares in the Tender Offer. For details, please see "(iii) Details of the Decision" of "① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Company" of "(6) Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above. Please note that the Written Report also gives the opinion that the Tender Offeror making the Company its wholly owned subsidiary after the successful completion of the Tender Offer as described in "(5) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above is not disadvantageous to the minority shareholders of the Company.

11. Other Matters

Announcement Regarding Revision of Term-End Dividend Forecast for the Year Ending March 2023 (Non-dividend Distribution)
The Company resolved at its Board of Directors meeting held today to not pay a year-end dividend for the fiscal year ending March 31, 2023 on the condition of completion of the Tender Offer. For details, please see the announcement.

(Reference) Overview of the Purchase
For details, please see the "Notice Concerning Commencement of Tender Offer for Shares of Nissin Electric Co., Ltd. (Securities Code 6641)" published by the Tender Offeror today.

End

[Soliciting Regulations]
This press release is intended to announce the Tender Offer to the general public and is not intended to solicit an offer to sell any securities including share certificates, etc. If a shareholder wishes to tender his or her shares, each shareholder is requested to exercise his/her own judgment after carefully reading the explanatory statement concerning the Tender Offer. This press release is not, and does not constitute any part of, an offer or solicitation of sales, or a solicitation of purchase offer, of securities. This press release (or any part of it) or the fact of its distribution does not provide a basis for any agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

[Forward-Looking Statements]
This press release and its reference materials contain forward-looking statements concerning the outlook for business development based on the views of the Tender Offeror's management in case the Tender Offeror has acquired the Company Stock. This information, including the information concerning the future business of the Tender Offeror, other companies, etc., may include forward-looking expressions such as "look for," "expect," "aim at," "schedule," "convinced of," "predict," "intend," "plan," "believe," and "anticipate." Such statements are based on the Tender Offeror's current projections regarding future businesses and the actual results could differ significantly from these forward-looking statements due to many factors. The Tender Offeror, the Company or their affiliates assume no obligation to update or modify these forward-looking statements in order to reflect any events or circumstances in the future.

[Regulations of the United States]
The Tender Offer is to be conducted in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act of Japan. However, such procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended (hereinafter the same), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards.

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

This press release and its reference materials contain "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the projections, etc. as expressly or implicitly indicated in any "forward-looking statements." None of the Tender Offeror, the Company or their affiliates gives any assurance that such projections, etc. expressly or implicitly indicated in any "forward-looking statements" will result in being correct. The "forward-looking statements" in this press release and its reference materials have been prepared based on the information held by the Tender Offeror and the Company as of the date of this press release and its reference materials, and unless otherwise required by applicable laws and regulations, none of the Tender Offeror, the Company or their affiliates is obligated to update or modify such statements in order to reflect any events or circumstances in the future.

The financial statements contained in this press release and its reference materials have been prepared based on the Japanese accounting standards, which may substantially differ from the U.S. accounting standards or those of other countries.

Moreover, as the Tender Offeror and the Company are companies incorporated outside the U.S. and all or some of their directors are non-U.S. residents, it may be difficult to enforce any rights or claims arising under the U.S. federal securities laws. In addition, it may not be possible to commence legal actions against a non-U.S. company or its directors in a non-U.S. court on the grounds of a violation of the U.S. securities laws. Furthermore, a company incorporated outside the U.S. and its subsidiaries and affiliates may not necessarily be compelled to submit to the jurisdiction of U.S. courts.

The Tender Offeror, its affiliates, the financial advisors to the Tender Offeror and the Company, and the Tender Offer Agent, including their affiliates, may, within their ordinary course of business and to the extent permitted under the related Japanese financial instruments and exchange laws and regulations and other applicable laws and regulations, purchase or take actions to purchase the Company Stock listed on the Prime Market of the Tokyo Stock Exchange for their own account or for their customers' accounts outside the Tender Offer before the commencement of, or during, the Tender Offer Period in accordance with the requirements under Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. The purchase may be conducted at market prices through market transactions or at prices negotiated outside the market. If any information concerning such purchase is disclosed in Japan, disclosure of such information will also be made in the English language on the website (or by another disclosure method) of the party conducting such purchase or its affiliate.

[Other Countries]
In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, please note and comply with such restrictions. Regardless of whether this press release is received in any such countries or regions where the implementation of the Tender Offer is unlawful, this press release does not constitute any solicitation of an offer to sell or offer to purchase securities including share certificates concerning the Tender Offer, and is being distributed merely for informational materials.

February 2, 2023

To whom it may concern,

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Representative: Osamu Inoue
President & COO
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Notice Concerning Commencement of Tender Offer for Shares of Nissin Electric Co., Ltd. (Securities Code: 6641)

Sumitomo Electric Industries, Ltd. (the "Tender Offeror") hereby announces that it has resolved, at a the Board of Directors meeting held today, to acquire common stock (the "Target Company Stock") of Nissin Electric Co., Ltd. (securities code: 6641, listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange")) (the "Target Company") through a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the "Act") as described below.

1. Purpose of the Purchase

(1) Overview of the Tender Offer

As of today, the Tender Offeror owns 54,991,175 shares (ownership ratio of 51.45%) of the Target Company Stock listed on the Prime Market of the Tokyo Stock Exchange, making the Target Company a consolidated subsidiary. At the Board of Directors meeting held today, the Tender Offeror passed a resolution to execute a Tender Offer for all shares of the Target Company (note that this excludes any Target Company Stock owned by the Tender Offeror, and any treasury stock owned by the Target Company), as part of a transaction aimed at making the Target Company a wholly owned subsidiary of the Tender Offeror (the "Transaction").

(Note) The "ownership ratio" refers to the ratio of the number of shares (106,874,395 shares) obtained by deducting (i) the number of treasury shares (958,050 shares) held by the Target Company on December 31, 2022, as listed in the Consolidated Financial Report (Japanese Standards) for the Nine Months Ended December 31, 2022(the "Target Company Financial Report") published by the Target Company as of January 31, 2023, from (ii) the total number of shares (107,832,445 shares) issued by the Target Company as of December 31, 2022, as listed in the said Target Company Financial Report (Figures are rounded to two decimal places. The same applies hereinafter unless other treatment is stipulated for the calculation of the ownership ratio).

The Tender Offeror has set 16,258,425 shares (ownership ratio: 15.21%) as the minimum number of shares to be purchased under the Tender Offer. If the total number of shares tendered for sale (the "Tendered Shares") in response to the Tender Offer fails to meet the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Shares. Meanwhile, as mentioned above, the intention of the Tender Offeror is to acquire all the Target Company Stock (excluding any Target Company Stock owned by the Tender Offeror, and any treasury stock owned by the Target Company). Given this, it has not set a maximum number of shares to be purchased and, provided that the number of Tendered Shares is at least the “minimum number of shares to be purchased,” the Tender Offeror will purchase all the Tendered Shares.

Note that the minimum number of shares to be purchased is set to ensure that, upon the successful completion of the Tender Offer, the Tender Offeror will hold a sum total of at least two-thirds of the total number of voting rights (1,068,743 votes) in the Target Company (calculated on the number of shares (106,874,395 shares) obtained by deducting (i) the number of treasury shares 958,050 shares owned by the Target Company on December 31, 2022, as listed in the Target Company Financial Report, from (ii) the total number of shares (107,832,445 shares) issued by the Target Company as of December 31, 2022, as listed in the Target Company Financial Report.)

The aim of the Tender Offeror is to make the Target Company its wholly owned subsidiary. Consequently, in the event that the Tender Offeror is unable to acquire all of the Target Company Stock (excluding any Target Company Stock owned by the Tender Offeror, and any treasury stock owned by the Target Company) in this Tender Offer, it plans to do so by executing a series of procedures (the “Squeeze-out Procedures”), as detailed in “(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" to ensure that it becomes the sole shareholder of the Target Company. As of today, the Target Company Stock is listed on the Prime Market of the Tokyo Stock Exchange. However, depending on the outcome of the Tender Offer, it may be delisted using the prescribed procedures listed below in “(5) Prospect of Delisting and Reasons Therefor.” Alternatively, if it is decided to execute the various procedures listed below in “(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)” then it will be delisted using the relevant, prescribed procedures.

Meanwhile, the “Announcement of Opinion in Support of the Tender Offer for the Company Stock by Controlling Shareholder Sumitomo Electric Industries, Ltd. and Recommendation to Tender Shares” (the “Target Company Press Release”) published by the Target Company today, stated that the Target Company’s Board of Directors meeting held on the same date resolved to express the Target Company’s support for the Tender Offer and recommend that to all current shareholders that they tender their shares in the Tender Offer.

For details of the above-mentioned resolution of the Target Company’s Board of Directors, see the Target Company Press Release and “(vii) Approval of All Directors of the Target Company and Opinion of All Audit and Supervisory Board Members of the Target Company That They Have No Objections” under “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “② Background to Calculation” under “(4) Grounds for Calculation of Purchase Price” under “2. Overview of the Purchase” as described below.

(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer

(i) Background to the Tender Offer

The Tender Offeror was founded by Sumitomo Head Office in April 1897 as the Sumitomo Copper Rolling Works, manufacturing copper wire, etc. In August 1911, it split from Sumitomo Copper Rolling Works, to become Sumitomo Electric Wire & Cable Works, a company that manufactured electric wire, before restructuring as Sumitomo Electric Wire & Cable Works Co., Ltd., in December 1920, and becoming incorporated as a separate company from Sumitomo General Head Office. It subsequently changed its trade name to Sumitomo Electric Industries, Ltd. in November 1939. In May 1949, the company's stock was listed on the First Section of the Tokyo Stock Exchange, the First Section of the Osaka Securities Exchange Co., Ltd., (the "Osaka Securities Exchange") and the First Section of the Nagoya Stock Exchange Co., Ltd., (the "Nagoya Stock Exchange") and, in June of the same year, on the Main board of the Securities Membership Corporation Fukuoka Stock Exchange (the "Fukuoka Stock Exchange"). Following the move to new market segmentation at the Tokyo Stock Exchange on April 4, 2022, the company is currently listed on the Tokyo Stock Exchange's Prime Market; the Nagoya Stock Exchange's Premier Market; and the Fukuoka Stock Exchange's Main board. The Tender Offeror's basic policy remains unchanged and promotes fair business activities governed by a high standard of corporate ethics that are based on the "Sumitomo Spirit" and the "Sumitomo Electric Industries Group Corporate Philosophy." From its founding to the present day, the Tender Offeror has expanded its areas of operation, creating new products and technologies through research and development based on electric wire and cable manufacturing technology, and the challenge of new business segments.

As of today, the Tender Offeror Group (meaning the Tender Offeror and its consolidated subsidiaries and equity-method affiliates; hereinafter the same) consists of the Tender Offeror, 383 consolidated subsidiaries (including the Target Company), and 32 equity method affiliates, and it is involved in developing business activities such as product development, manufacturing, sales, and services, etc., across its five divisions; these being Automotive, Info-communications, Electronics, Environment & Energy, and Industrial Materials.

The market environment surrounding the Tender Offeror Group is changing rapidly in the "Information & Communications Sector" and "Mobility Sector", etc., to say nothing of the "Energy Sector", given the global trend toward decarbonization and carbon neutrality and the development of information and communication technology; and the Group recognizes that the business environment surrounding the electric power industry in particular is in a period of dramatic upheaval. The opinion is that, moving forward, the business environment will be even more uncertain as these environmental changes accelerate further, and the Group needs to be able to respond to risks that are difficult to predict; risks that include the situation in Ukraine and the prolonged risk of infection from Covid-19, as well as the soaring price of energy and raw materials, and disruptions to logistics and supply chains. In order to achieve steady growth in such a business environment, the Tender Offeror has repeatedly considered various ways to improve its medium-to-long term corporate value in the entire Tender Offeror Group, including the ideal arrangement for the Group's management. As a result, in May 2022 the "Sumitomo Electric Industries Group 2030 Vision" was established as a long-term vision for 2030 (the "Long-term Vision") to show the aims of the Tender Offeror Group. In the Long-term Vision, the purpose of the Tender Offeror Group is defined as "pursuing top technology that connects and supports society by promoting innovation; and using the Group's integrated power to contribute to a better society." In addition, in terms of business areas, the Tender Offeror Group is focusing on three sectors: namely, the "Energy Sector" where renewable energy and distributed power sources (Note 1) are expected to be introduced on a large scale; the "Information & Communications Sector" that is expected to increasingly need higher speeds and larger capacity for communications, accompanied by lower levels of power consumption; and the "Mobility Sector" that is expected to see electronic developments and the emergence of new mobility initiatives, as well as greater links between automotives and external services. The Group's policy is to utilize its technical expertise in each of the three focal sectors and use the collective strength of the Group to meet market expectations, capturing the needs of social change such as GX (Note 2), DX (Note 3) and CASE (Note 4).

(Note 1) This refers to systems that supply power by distributing relatively small power generators close to areas of consumption.

(Note 2) GX is an abbreviation for Green Transformation, which means transforming the socio-economic system and industrial infrastructure by switching from the use of fossil fuels and electric power that create greenhouse gas emissions to clean, renewable energy that does not create greenhouse gases (such as carbon-free gases, solar power and wind power).

(Note 3) DX is an abbreviation for Digital Transformation, which means combining data and digital technology to transform all kinds of things, including products, services and business models, in order to create a competitive advantage.

(Note 4) This is a coined term that combines the initials of the important elements showing the future trend of the automotive industry: “Connected,” “Autonomous,” “Shared and Services,” and “Electric.”

The Target Company was founded in November 1910 as Nissin Kogyosha and incorporated as Nissin Electric Co., Ltd. in April 1917. The company was listed on the Osaka Securities Exchange (whose cash equity market was merged with the Tokyo Stock Exchange in July 2013) in May 1949, and the Kyoto Stock Exchange (which merged with the Osaka Securities Exchange in March 2001) in July 1949, after which it gained a listing on the First Section of the Tokyo Stock Exchange in October 1961. Following the review of market segments at the Tokyo Stock Exchange, the company has been listed on the Prime Market of the Tokyo Stock Exchange since April 4, 2022.

As of today, the Target Company Group consists of the Target Company and 25 consolidated subsidiaries (the “Target Company Group”), with factories in Kyoto, Maebashi and Shiga, and branch offices/branches not only in the Tokyo metropolitan area, but also in major cities nationwide, such as Osaka and Nagoya. The Group has developed businesses that support the foundations of society and industry through product development, manufacturing, sales and services, etc., across its three business sectors of the “Power Supply and Environment System Business Unit,” the “Beam and Plasma Division,” and the “Equipment and Parts Solution Business.” An outline of each of these businesses is provided below.

(I) Power Supply and Environment System Unit

This business division provides solutions for environmentally friendly power and environment systems, including those that stabilize power quality and provide distributed energy, etc., as well as manufacturing and selling the products that form part of a given solution. It also provides construction and after-sales services.

(II) Beam and Plasma Divisions

This business division manufactures and sells ion implanters, electron beam processing systems (Note 5), and fine coating equipment (Note 6) that use beam and plasma technology, and provides installation work and after sales service for these products. It also provides various services using this equipment, including injection, beam processing and coating services.

(Note 5) These are devises modify and improve the quality of substances by irradiating them with electron beams. They are used in a wide range of fields to reduce the weight and improve the quality of vehicle tires, improve the heat resistance of wire coatings, and sterilize/disinfect medical equipment, etc.

(Note 6) This is a device that improves resistance to wear by coating the surface of tools, molds and components etc., with metals that are discharged in a vacuum, using the arc evaporation technique.

(III) Equipment and Parts Solution Business

This business division develops and sells products that meet local needs in the ASEAN region, offering solutions that focus on equipment and parts contract manufacturing based on the company’s metal processing technology used in the manufacture of power equipment.

The essence of the Target Company Group’s activities is to build trust with its five categories of stakeholders (customers, shareholders, society, partners, and employees), in line with the group slogan, which aims to “Forge a bright future for both people and technology” through the group’s corporate philosophy of “Harmonizing with the environment and contributing toward realizing a vibrant society through corporate activities that support the foundations of society and industry.”

Furthermore, to mark the centenary of its founding, the group has renewed its aspirations, with corporate ethics defined by the “‘Venture spirit’ fostered since its founding”; “The spirit of ‘New Each Day’ embedded in the company name”; and “Open-mindedness and the ability to digest different cultures and technologies”.

In terms of the Target Company's business environment, there seems to be a major paradigm shift occurring in its core Power Supply and Environment System Business as a result of eco-friendly economic policies that seek to realize carbon neutrality in Japan's power equipment market by 2050. Electric power companies are expected to see significant growth in investment in cross-regional interconnections in the future, in order to strengthen the resilience of the transmission network. Over the past few years, the general market for private demand has been supported by robust demand to renew equipment. This has occurred as power equipment with a long service life that was delivered against the background of a booming Japanese economy in the late 80s to early 90s has become due for renewal and there has been a robust appetite for capital investment thanks to the strong performance of Japanese companies. Furthermore, the company has been working to build a recurring business model (Note 7) in the installation, regulation, and maintenance businesses for ancillary products, making efforts to enhance after-sales service options through the use of AI and sensors to demonstrate its leading position in these recurring-revenue businesses. In addition, in light of the shift to distributed power sources and the development of businesses that focus on the environment as seen in SDGs (Note 8) and ESG (Note 9), the company is working to make the provision of business continuity plan (BCP) initiatives and energy solutions core aspects of its business; with BCP that include initiatives to secure energy sources in the event of a disaster through a Smart Power Supply System (SPSS) and energy solutions such as energy savings and cost savings resulting from reductions in the cost of energy. In terms of business in China, there is currently a solid foundation as demand within the country continues to grow thanks to AC & DC grid projects, etc., that have resulted from the Chinese government's policy of increasing capital investment in power projects to try to ensure that the economy recovers after Covid-19; yet despite this, there are concerns about a decrease in capital investment in the future due to an economic slowdown.

In the Beam and Plasma Division, the sale of ion implanters (a cornerstone of the Business) used for flat panel displays is being driven by the higher functionality for mobile phones offered by the use of organic EL and the trend for increasingly large screens for monitors and TV. However, there is a risk that changes in demand for mobile phones and trends for greater capital investment by panel makers in South Korea and China may cause fluctuations in the business environment. Meanwhile, as the market for ion implanters used for SiC (silicon carbide) semiconductors expands with the shift to electric vehicles (EV) and the number of implanters sold sees a steady increase thanks to their reputation for performing well as mass production devices, the company expects this to become a key aspect of the Business in the future. The electron beam processing business and the fine coating business are affected by performance trends in the automotive industry, which is the main market for these businesses, and they need to respond to the changes in materials technology and processing technology that accompany the shift to EV.

The Equipment and Parts Solution Business is centered on the ASEAN region, where it has expanded its market by making high-precision machined parts with high-performance Japanese processing equipment at low local cost. It is also being positively affected by production shift from China caused by the trade friction between China and the USA; and this, in combination with economic development in the ASEAN region, is expected to be a future growth market.

In order to respond to these major changes in each business, the medium- to long-term plan "VISION2025" that started in April 2021 states that the company is "Aiming to become a company creating a sustainable future through reliable technical capabilities, where each employee can realize their contribution to society in an environment that respects diverse values and encourages new challenges" and under the slogan "New Each Day" the group is working on reforming its workforce, organization and business with the active participation of all employees. The company sees various social changes as business opportunities, including the shift to distributed energy sources with the advent of a carbon-neutral society and renewable energy, and the diversification of work styles caused by the declining birth rate/aging population in Japan and the impact of the Covid-19 pandemic; and as it aims to help realize a sustainable global environment and a society in which everyone can play an active role, it is working on six growth strategies and active up-front investment to ensure growth beyond FY2026. The six strategies are (1)

Expansion of eco-friendly products, (2) Distributed energy support, (3) Renewable energy support, (4) Practical application of DX to products and businesses, (5) Capturing the demand for environmental support in emerging countries, (6) Expansion of business associated with the increase in EVs; and, in addition to the strategies themselves, the company is also working on improving supporting business platforms.

(Note 7) This is a business model in which it does not end in a single of provision of goods and services, but rather continuously provides value to customers to strive for long-term, sustainable profit

(Note 8) An abbreviation of Sustainable Development Goals.

(Note 9) An abbreviation for Environment, Social, Governance.

The capital ties between the Tender Offeror and the Target Company originate from the acquisition in February 1937 by the Tender Offeror's predecessor Sumitomo Electric Wire & Cable Works Co., Ltd. of 2,800 shares in the Target Company (14% of the total number of shares issued at that time) through a share transfer and a third-party share allocation in accordance with a capital and business alliance agreement. Since then, the Tender Offeror has been acquiring Target Company Stock in stages by underwriting new share issues for the purpose of allocating working capital to, and making capital investments in, the Target Company. The Tender Offeror announced a Tender Offer to the Target Company on November 5, 2007 for the purpose of making the Target Company a consolidated subsidiary, considering that mutually and effectively utilizing management resources possessed by the two companies and strengthening their affiliation would be more efficient and effective. (Tender Offer Period: November 6 to December 5, 2007. Maximum number of shares to be purchased: 20,000,000. Minimum number of shares to be purchased: N/A). On December 13, 2007, the Tender Offeror acquired another 20,000,000 shares of Target Company Stock, taking its holdings to 54,791,175 shares and making the Target Company a consolidated subsidiary (as of December 13, 2007, the Tender Offeror's shareholding ratio was 51.47%, the total number of issued shares was 107,832,445, and the number of treasury shares was 1,382,996. (Note that the "shareholding ratio" means the ratio held in relation to the total number of shares issued by the Target Company at that time minus the treasury stock owned by the Target Company at that time, rounded to the second decimal place; hereinafter the same in this paragraph)). Subsequently, the Tender Offeror acquired another 200,000 shares of Target Company Stock from Tokai Rubber Industries, Ltd., the predecessor of Sumitomo Riko Company Limited, on September 26, 2014, taking its holdings to 54,991,175 shares (as of September 30, 2014, the Tender Offeror's shareholding ratio was 51.45%, the total number of issued shares was 107,832,445, and the number of treasury shares was 955,629) and, as of today, the number of shares of Target Company Stock held by the Tender Offeror and its shareholding ratio remain unchanged at 54,991,175 shares and 51.45% respectively.

(ii) Background and Purpose of the Decision to Implement the Tender Offer

a. Background to the review on making the Target Company a wholly owned subsidiary

In December 2007, the Target Company became a subsidiary of the Tender Offeror through a tender offer implemented by the Tender Offeror for the purpose of further strengthening business platforms and enhancing the corporate value of the Tender Offeror and the Target Company, considering that mutually utilizing management resources held by the two companies and strengthening their affiliation would be more efficient and effective. Specifically, the Tender Offeror expected to expand sales of products of the two companies and create new products and businesses in environment, resources and energy areas through the development of markets in emerging countries with growth potential, such as in Asia and the Middle East, and mutual utilization of sales networks.

Following that, when the Tender Offeror became the parent company of the Target Company, the Tender Offeror examined the details of its collaboration with the Target Company on specific topics, in order to further strengthen its collaboration, and has been working on research and development as well as activities such as sales and promotional activities to support advances in the reform of electric power systems and increased environmental awareness, as well as the move toward a more sustainable society. Specifically, in the power and environmental systems business, the company is currently working on the development of SF6 (sulfur hexafluoride gas) free products to enable ever more compact items and reduce the burden on the environment, along with technological research and product development to support a society that is introducing and expanding the use of various distributed power sources, such as solar power generation, as well as on monitoring and control systems that will help factories and water treatment plants become more advanced, EMS (energy management system)-related and IoT (Internet of Things)-related technical research, product development, and solution development. As a result, the Tender Offeror has achieved certain results in its collaboration with the Target Company, such as receiving a large-scale order in transmission/transformer packages in a wind power project and joint development and commercialization of an energy management system. For the future, in the beam/plasma business, the company is conducting R&D and product development to expand the use of ion implanters, electron beam processing systems, and fine coating equipment, and in terms of basic research and development for expected future developments in each of these businesses, areas being considered for R&D projects, etc., include technologies that will help maintain/improve power quality and raise maintenance levels for power facilities; research and development involving DC power supply systems that apply power electronics and stationary storage battery systems; manufacturing technology for thin film semi-conductors used in flat panel displays; and technology used to evaluate materials in each field.

The Target Company Group believes that structural and irreversible shifts are taking place in the business environment surrounding the Target Company Group, and while measures for solutions to social issues such as those listed in the SDGs are important, there is a shift from fossil fuels to renewable energy as the source of electric power in an effort to counteract the effects of global warming, as can be seen in the Japanese Government's acceleration of initiatives to realize a carbon-neutral society. More specifically, in addition to an increase in new market entrants into the power-related industry and intensifying competition associated with the separation of power transmission and distribution that has resulted from the deregulation of the power industry and the structural changes from fossil fuels to renewable energy, there are technological changes such as digitization and the upgrading of controls associated with the automation of substations and the shift from centralized sources of power to distributed power sources, as well as changes in materials technology and processing technology necessitated by the shift to EV in the automotive industry. Amid such changes in the external environment, future challenges for business include a shift from unit sales of power equipment to a business model that offers solutions based on the customer's problems; dealing with the changes in market players associated with the increasing trend for distributed power sources and off-grid systems; and expanding resources for the global market that is expected to see technological innovation in areas such as digitalization and DC power distribution, etc., and vigorous growth in demand in the future.

Given the above-mentioned changes in the business environment, to date the Tender Offeror has been collaborating with the Target Company by exchanging personnel and conducting joint sales. There are also changes in socio-economic factors currently occurring on a global scale that may adversely affect business continuity, such as instability in supply chains, etc., caused by increased geopolitical risk and the on-going risk from Covid-19. At the same time, an acceleration in the paradigm shift in the global market environment may present opportunities to expand business operations, with increasing efforts to achieve a carbon-neutral society and the evolution of an information society associated with the increase in the volume of communication data as a background. It is crucial for the Tender Offeror and the Target Company to act with a greater sense of unity and urgency in making proposals and decisions, in order to respond to these trends in a timely manner and ensure further improvement in the corporate value of both companies, including departments related to environmental energy and electronics.

However, as an independently listed company, the Target Company has certain independence in its management and must make appropriate decisions and follow an institutional decision-making process on a stand-alone basis, taking into consideration other shareholders apart from the Tender Offeror; and there are certain restrictions on the mutual use of customer bases and business platforms, etc., by the Tender Offeror Group and the Target Company Group. Furthermore, there are restrictions for the Tender Offeror and the Target Company to only pursue the interests of the Tender Offeror Group and fully consolidate R&D resources and sales data to expand new product development and marketing functions, etc., particularly in fields such as transmission and transformer infrastructure, next-generation energy networks, and semiconductor manufacturing equipment, etc., in order to optimize the Tender Offeror Group as a whole because a temporary increase in investment burdens and short-term decline in business may affect the Target Company's shareholders, and there are also concerns that this kind of collaboration may be a structural conflict of interest that is not always in the interest of the Target Company's minority shareholders from a short-term perspective.

Consequently, strengthening of business platforms and enhancement of the corporate value through collaboration between the Tender Offeror and the Target Company, which was the purpose of the Tender Offeror making the Target Company a consolidated subsidiary in December 2007, was limited. On the other hand, the business environment surrounding the Tender Offeror and the Target Company is in a period of dramatic upheaval, with the representative examples being GX, DX and CASE, and the current business environment is becoming even more uncertain as the risks, including the situation in Ukraine and the prolonged risk of infection from COVID-19, as well as the soaring price of energy and raw materials, and disruptions to logistics and supply chains, are turning into reality. It is therefore imperative to expedite decision-making and demonstrate the collective strength of the group. Moreover, with an increased awareness of corporate governance in recent years, the Ministry of Economy, Trade and Industry issued "Practical Guidelines for Group Governance System" in June 2019 and raised an issue on how corporate governance for listed subsidiaries should be. In this way, companies are accountable for concerns over structural conflict of interest between the controlling shareholder and minority shareholders in a listed subsidiary and maintaining subsidiaries as listed companies. In this situation, the Tender Offeror believes that making the Target Company a wholly owned subsidiary will allow us to resolve such concerns over structural conflicts of interest and, in a medium- and long-term perspective, combine the technologies, products and services owned by each company and share customer bases, etc., through the further integration of the Tender Offeror Group and the Target Company Group; increasing our presence in a wide range of business areas and allowing us to demonstrate the collective strength of the group to improve the corporate value of both companies over the medium to long term without considering the impact to the Target Company's shareholders by a temporary increase in investment burdens and short-term decline in business.

b. Synergistic effects by making the Target Company a wholly owned subsidiary

The Tender Offeror believes that making the Target Company a wholly owned subsidiary will have the following synergistic effects for both the Tender Offeror Group and the Target Company Group.

<Merging and combining core technologies will enhance the ability to offer solutions for customers>

By merging the Tender Offeror's design/manufacture/construction technologies in the area of wiring and cabling, with the Target Company's design/manufacture/processing technologies in the area of power equipment systems, we expect it to be possible to design, increase sales of, operate and maintain, etc., new power infrastructure systems. As the Target Company currently independently operates its business as a listed company, it is necessary, from the perspective of securing its independence as a listed company, to ensure the business operation that secures the fairness and appropriateness of individual transaction between the Tender Offeror and the Target Company and to respect the interest of minority shareholders of the Target Company. Thus, there are restrictions in sharing their respective knowledge including core technologies such as advanced design, manufacturing and construction technologies of the two companies. We believe that resolving those restrictions and combining operations through the Transaction will allow us to advance creation of new products and new businesses utilizing the strength of both companies and propose diverse solutions to various needs of customers of the two companies. For example, both companies should be able to further increase their competitiveness in the market by designing optimal, all-encompassing configurations of equipment/facilities and offering total solutions to efficiently transmit power from power plants to consumers' homes based on the specific characteristics of various kinds of essential power equipment/facilities such as those required to transmit/distribute power, receive/transform power, and store power, etc., and by providing optimal system designs in a variety of projects that connect renewable power sources (primarily wind generation) to power systems. In addition, by combining the Tender Offeror's technology in battery storage systems and IoT with the Target Company's technology in Smart Power Supply Systems (SPSS®) and the knowledge of power consumers and customer bases, we expect to be able to carve out new markets and increase incoming orders for power infrastructure systems by developing and offering a total package of products, systems and services to meet new needs in the community, including the need to be able to control/adjust power supplies in the distributed power systems that will result from the expansion of renewable energy. Furthermore, we should be able to continue to enhance our capacity to provide products that can precisely meet customer needs in the field of electronics, by combining the Tender Offeror's design and manufacturing technology in compound semiconductor devices and high-speed data transmission wires and cables with the Target Company's design and manufacturing technology in equipment such as ion implanters and electron beam processing systems. We expect to enhance our ability to provide value for the customer by pursuing further synergistic effects that use materials and equipment developed by Tender Offeror in connection with the development of transmission and power devices for the Target Company's ion implanters; materials and equipment developed by Tender Offeror for the electronic wire business and the beam processing product business for the Target Company's electron beam processing systems; and similarly, technology in carbide tools developed by the Tender Offeror for the Target Company's fine coating operations. The above initiatives to pursue synergistic effects are expected to help enhance and expand long-term service businesses such as the inspection/diagnosis and maintenance/repair of facilities and equipment supplied to customers. In addition, sharing the Target Company's advanced metal processing technology and various resources from both companies, such as R&D and customer bases, etc., should expand the Target Company's Equipment and Parts Solution Business, and also improve performance and save costs for the Tender Offeror's manufacture of parts and assembly of equipment.

In general, the combination of the Tender Offeror's materials technology and the Target Company's equipment design and manufacturing technology is expected to help accelerate the development of new products in fields such as the environment/energy, automotives, and electronics.

<Maximum utilization of human resources through the integration, exchange, and rotation of teams and personnel>

We expect to achieve synergistic effects through the integration, exchange and rotation, etc., of teams and human resources; effects that will utilize the wide range of experience and expertise acquired by personnel from the Tender Offeror and the Target Company during their work in businesses that support social infrastructure such as electric energy and the environment, etc., and from cutting-edge technology in electronics, etc. The Tender Offeror has been exchanging human resources with the Target Company for a long time, but in the current relationship between the Tender Offeror and the Target Company, its listed subsidiary, it is necessary to respect the independence of the Target Company and take care to ensure that there is no conflict of interest between the Tender Offeror and its minority shareholders. It is therefore not possible to effectively utilize human resources in a proactive and agile manner, and there are restrictions for the Tender Offeror Group to fully operate businesses in an integrated fashion. We believe that the Transaction will lower barriers for the exchange of human resources between the Tender Offeror and the Target Company and, through the development of flexible personal management measures including secondment and transfer as well as career development that is optimal for each individual in the entire Tender Offeror Group, will enable us to further develop human resources with a wider perspective and knowledge and responsible for the next generation of the Tender Offeror Group, and to optimize management resources. Specifically, this is expected to allow us to offer more extensive, high-value products and services to the customers, suppliers, and partners such as contractors and collaborators, etc., of both companies by using the Target

Company's experience, expertise and know-how concerning construction, maintenance, inspections, and preservation etc., in the Power Supply and Environment System Business and the Beam & Plasma Business and deploying it in each of the Tender Offeror's business divisions, with the primary focus on product sales; and, conversely, by applying the Tender Offeror's experience, expertise and know-how in sensors, AI, IoT, and security etc., to the Target Company's products and services, etc. Moreover, in the field of ultra-high voltage (wires/cables and electrical equipment), which is the predominant business target of the Tender Offeror and the Target Company, chief electrical engineers and engineers with expertise in designing system adjustments are indispensable, and with the growing introduction of renewable energy, there is growing demand for personnel involved in storing, transmitting, transforming and distributing power from where it is generated to where it is consumed, as well as personnel who design, construct, operate and maintain systems analysis programs across wide-ranging areas of collaboration. Taking the experience, expertise and know-how of qualified personnel and engineers from the Tender Offeror and the Target Company who are involved in the construction and management, etc., of power facilities and utilizing it effectively between the organizations is expected to demonstrate synergistic effects.

<Accelerating global expansion and reducing costs and risks through the mutual utilization of overseas offices and customer bases>

With the global trend toward decarbonization and carbon neutrality as a background, the global business environment surrounding the Tender Offeror Group is in a period of dramatic upheaval. As the business environment in light of the global situation is becoming even more uncertain, we believe that it is necessary for the Tender Offeror and the Target Company to strengthen their affiliation and achieve steady growth in an uncertain business environment. In the current relationship between the Tender Offeror and the Target Company, its listed subsidiary, it is necessary to respect the independence of the Target Company and take care to ensure that there is no conflict of interest between the Tender Offeror and its minority shareholders, so there are restrictions for the two companies to mutually utilize data and networks possessed by them. The Transaction will resolve those restrictions and allow effective utilization of knowledge possessed by the two companies through the operation in a unified manner, and it is expected that costs and risks arising from accelerated global development and uncertain business environment will be reduced.

More specifically, the Tender Offeror and Target Company are proactively working to expand business globally and between them, the two companies have approximately 200 affiliates throughout Asia, including China, South-East Asia and India in particular, where market growth is expected. Both companies have been constructing business foundations in Asia and other regions around the world by each creating strong relationships with leading local customers. Moving forward, the unimpeded sharing of information will allow both companies to make mutual use of each other's overseas offices and customer bases, which is expected to encourage global marketing and improve production capabilities.

In addition, sharing and consolidating the Tender Offeror's and the Target Company's information systems and functions in corporate divisions such as Purchasing, Logistics, Accounting and Human Resources, and maximizing advantages of scale in the procurement of materials, etc., is expected to reduce costs and promote efficiency and optimization.

Furthermore, by bringing together the combined experience and expertise of both the Tender Offeror and the Target Company with regard to a whole series of risks across the supply chain (such as risks associated with product design, the procurement of raw materials and parts, production, logistics, construction and credit) and building a more appropriate risk management system, we expect to improve the effectiveness of group management. Both the Tender Offeror and the Target Company develop business projects related to energy infrastructure and a typical risk in this type of business is that any project involving building works or construction will be of a relatively large scale, and any delays, etc., in construction may give rise to claims for huge amounts of compensation from the client. Another characteristic of the business is that it demands a certain amount of time from entering a new market to the point that the business is stabilized. We expect that by further sharing the experience, expertise and know-how on local markets that each company has gathered in various countries and regions to date, as well as the relationships that they have with business partners and customers, the Tender Offeror and Target Company together will be able to ensure better risk management to combat these risks and challenges and make it possible to promote steadier, global expansion.

c. Process leading to the decision of the Tender Offer

With the above-mentioned background, purpose and expected synergies in mind, the Tender Offeror decided it was necessary to strengthen collaboration between the two companies even further and amalgamate management resources by making the Target Company a wholly owned subsidiary of the Tender Offeror in order to further improve the corporate value of both companies.

The Tender Offeror started specifically considering the Transaction in late October 2022. It appointed Nomura Securities Co, Ltd. (“Nomura Securities”) as its financial advisor and third-party valuation organization independent of the Tender Offeror and the Target Company, and Nishimura & Asahi as its legal advisor. The Tender Offeror also made a proposal to the Target Company to make the Target Company its wholly owned subsidiary and provided the Target Company with a preliminary letter of intent for the Transaction on November 2, 2022.

In response to this, with the submission of the preliminary letter of intent for the Transaction by the Tender Offeror on November 2, 2022 as the opportunity, and with the aim of ensuring the fairness of the purchase price per share of Target Company Stock in the Tender Offer (the "Tender Offer Price") and the fairness of the Transaction, as described in “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “② Background to Calculation” under “(4) Grounds for Calculation of Purchase Price” under “2. Overview of the Purchase” below, the Target Company appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation organization independent of the Target Company and the Tender Offeror, and Oh-Ebashi LPC & Partners (“Oh-Ebashi LPC & Partners”) as its legal advisor. The Target Company requested Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the third-party valuation organization, to calculate the value of the Target Company Stock and submit an opinion on whether the Tender Offer Price is appropriate from a financial perspective for the shareholders of the Target Company other than the Tender Offeror and its affiliated companies (i.e., a fairness opinion). Moreover, the Target Company established a special committee to build an examination framework for making examination and decisions on the Transaction from a perspective of enhancing the corporate value of the Target Company and securing the profit of minority shareholders of the Target Company. The special committee approved the appointment by the Target Company of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation organization and Oh-Ebashi LPC & Partners as its legal advisor, and also independently appointed Plutus Consulting Co., Ltd., ("Plutus") as its third-party valuation organization independent of the Target Company and the Tender Offeror and built a framework for discussion and negotiation for the Tender Offer. For details on the establishment of the special committee, see “(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee’s Written Report, by the Target Company” under “(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” under “② Background to Calculation” under “(4) Grounds for Calculation of Purchase Price” under “2. Overview of the Purchase” below.

Based on the above, the Tender Offeror and the Target Company started specific negotiation and consideration for the Transaction.

Along with carrying out the due diligence on the Target Company during the period from early December 2022 to mid-January 2023 to closely examine the feasibility of the Tender Offer, the Tender Offeror has been discussing with the Target Company and the special committee the significance and purposes of the Transaction, the synergy effects expected from the Transaction, the post-Transaction management structure and business policy, and the conditions of the Transaction, including the Tender Offer Price. Since January 5, 2023, the Tender Offeror and the Target Company have held discussions and negotiations on the Tender Offer Price on multiple occasions. Specifically, on January 5, 2023, the Tender Offeror made a proposal on the Tender Offer Price of 1,550 yen (premium of 21.28% (rounded off to two decimal places; the same method applies to the premiums on stock prices (%) hereinafter) on the closing price at the Prime Market of the Tokyo Stock Exchange of 1,278 yen of the Target Company Stock as of the preceding business day), comprehensively taking into account: (i) fluctuations in the market price of the Target Company Stock, (ii) the progress of the due diligence carried out during the period from early December 2022 to mid-January 2023, (iii) the content of the valuation analysis of the Target Company Stock by Nomura Securities, and (iv) anticipated levels of tendering in the Tender Offer. However, on January 6, based on the following: (i) the opinion of the special committee based on the valuation results for the Target Company Stock at that time received from the third-party valuation organization for the Target Company, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and the valuation results for the Target Company Stock at that time received from the third-party valuation organization for the special committee, Plutus, (ii) premium levels in examples of wholly-owned subsidiary takeovers similar to the Transaction, and (iii) fluctuations in the market price (level of market highs in the preceding year), the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,550 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated based on the Target Company's announcement of support and the recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company Following that, in light of the Target Company's request for reexamination of the proposal, on January 17, the Tender Offeror proposed the Tender Offer Price of 1,600 yen (premium of 23.74% on the closing price of 1,293 yen of the Target Company Stock as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). On January 20, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,600 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Subsequently, in light of the Target Company's request for reexamination of the proposal, on January 24, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,650 yen (premium of 26.73% on the stock price of 1,302 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). In response to the proposal from the Tender Offeror, the Target Company, on January 27, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,650 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Following that, in light of the Target Company's request for reexamination of the proposal, on January 30, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,675 yen (premium of 25.09% on the stock price of 1,339 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). In response to the proposal from the Tender Offeror, on January 31, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,675 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Following that, in light of the Target Company's request for reexamination of the proposal, on January 31, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,700 yen (premium of 28.30% on the stock price of 1,325 yen as of the preceding business day at the Prime Market of the Tokyo Stock

Exchange). Today, the Tender Offeror received a response from the Target Company to the effect that it accepts the Tender Offeror's proposal, and the Tender Offeror and the Target Company agreed on the Tender Offer Price of 1,700 yen.

After these discussions and negotiations, in addition to the above agreement on the Tender Offer Price, today, the Tender Offeror and the Target Company reached an agreement that the Tender Offeror making the Target Company its wholly owned subsidiary is the best means to respond to the changing business environment surrounding the Tender Offeror and the Target Company and to contribute to the enhancement of the corporate value of both companies, and the Tender Offeror decided at its Board of Directors meeting today to implement the Tender Offer.

(iii) Background to and Reasons for Making a Decision by the Target Company

a. Course of Events Behind Creation of the Review System

According to the Target Company Press Release, the Target Company received a preliminary letter of intent regarding the Transaction from the Tender Offeror on November 2, 2022 and subsequently appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. to act as its financial advisor and third-party valuation organization, and Oh-Ebashi LPC & Partners to act as its legal advisor respectively on November 29, 2022. In light of the fact that the Tender Offeror was the controlling shareholder of the Target Company and the risk that a structural conflict of interest may arise in the process of the Target Company reviewing the Transaction, the Target Company sought the advice of Oh-Ebashi LPC & Partners to address these issues and ensure the fairness of the Transaction. Based on that advice, the Target Company immediately started to construct a system to review, negotiate and make decisions on the Transaction independently from the Tender Offeror, from the perspective of improving the Target Company's corporate value and securing the interests of its minority shareholders.

Specifically, as described in "(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company" under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below, the Target Company set up a special committee composed of four people under a resolution of the Board of Directors of the Target Company held on November 29, 2022, these being: Masahiro Yurino (an independent outside director of the Target Company; professor emeritus at Doshisha University; and auditor at Doshisha); Sachiko Hirabayashi (an independent outside director of the Target Company; advisor of Kyoto Chuo Shinkin Bank; and Trustee/Councilor of the Ritsumeikan Trust); Hitoshi Tanaka (an independent outside audit and supervisory board member of the Target Company; attorney/representative partner at Yodoyabashi & Yamagami Legal Professional Corporation; and outside director of Tayca Corporation); and Go Saeki (an independent outside audit and supervisory board member of the Target Company and certified public accountant). The special committee was commissioned to (i) assess the rationality behind the purpose of the Transaction (including whether the Transaction would contribute to enhancing the corporate value of the Target Company), (ii) assess the appropriateness of the terms and conditions of the Transaction (including the compensations in the Transaction), (iii) assess the fairness of procedures such as the negotiation process leading up to the Transaction, and (iv) advise on whether it is appropriate for the Target Company's Board of Directors to make the decision to conduct the Transaction (including to express its opinion to support the Tender Offer and also recommend that shareholders of the Target Company tender in the Tender Offer and carry out the procedures necessary for the Tender Offeror to make the Target Company a wholly owned subsidiary of the Tender Offeror as described in (4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-called Two-Stage Purchase) below) based on (i) to (iii) above, and to express an opinion as to whether the Tender Offer would be disadvantageous to the Target Company's minority shareholders (the "Advisory Matters"), and finally to summarize everything in a report (the "Written Report") and submit it to the Target

Company's Board of Directors. In addition, in establishing the special committee, the Board of Directors of the Target Company resolved that it should respect the special committee's determinations to the fullest extent in making any decisions regarding the Transaction, and that if the special committee determines that the terms of the Transaction are not appropriate, the Board of Directors of the Target Company should not agree to the Transaction on such terms. The Board of Directors of the Target Company further resolved to grant to the special committee the following authorities: (i) to receive information required for considering and deciding on the Transaction from the Target Company's officers and employees; (ii) to express opinions to the Target Company on negotiations regarding the terms of the Transaction; (iii) to approve (including ratification) the Target Company's outside professional advisors, appointed by the Target Company; (iv) to seek advice of the Target Company's outside professional advisors at the cost of the Target Company; and (v) to appoint and seek advice of the special committee's own third party valuation organization at the cost of the Target Company, (including requesting obtaining share valuation reports and fairness opinions). Based on the authority described above, the special committee appointed Plutus as its own third party valuation organization on December 13, 2022, as stated in (i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below.

In addition, as described in "(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company" under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below, the Target Company had the special committee confirm that there were no problems with the independence and expertise of the Target Company's financial advisor and third-party valuation organization Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., or its legal advisor Oh-Ebashi LPC & Partners, before obtaining approval for their appointment.

Furthermore, the Target Company had the special committee confirm that not only has it created an in-house system to consider, negotiate and determine matters pertaining to the Transaction independently from the Tender Offeror, but also that there are no problems with the independence and fairness of the said consideration system (for details of such consideration system, please see "(vi) Establishment of Independent Consideration System at the Target Company" of "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below.

b. Review and Negotiation Process

Besides receiving a report from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. on the results of the valuation of Target Company Stock, based on the outline of the Tender Offer, including the purpose of the Transaction, the impact of the Transaction on the Target Company, the details of management policy after the Transaction, and the Target Company's current stock price trends etc., as well as advice on negotiation strategies to use with the Tender Offeror and other financial advice, the Target Company received guidance and other legal advice from Oh-Ebashi LPC & Partners on the measures to take to ensure fairness in the procedures in the Transaction, and also held multiple discussions and reviews with the Tender Offeror before carefully considering the pros and cons of the Transaction and the appropriateness of the terms and conditions.

Specifically, on January 5, 2023, the Target Company received a proposal from the Tender Offeror on the Tender Offer Price of 1,550 yen (premium of 21.28% on the closing price of 1,278 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange), comprehensively taking into account: (i) fluctuations in the market price of the Target Company Stock, (ii) the progress of the due diligence carried out during the period from early December 2022 to mid-January 2023, (iii) the content of the valuation analysis of the Target Company Stock by Nomura Securities and (iv) anticipated levels of tendering in the Tender Offer. However, on January 6, based on the following: (i) the opinion of the special committee based on the valuation results for the Target Company Stock at that time received from the third-party valuation organization for the Target Company, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and the valuation results for the Target Company Stock at that time received from the third-party valuation organization for the special committee, Plutus, (ii) premium levels in examples of wholly-owned subsidiary takeovers similar to the Transaction, and (iii) fluctuations in the market price (level of market highs in the preceding year), the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,550 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated based on the Target Company's announcement of support and the recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company Following that, in light of the Target Company's request for reexamination of the proposal, on January 17, the Tender Offeror proposed the Tender Offer Price of 1,600 yen (premium of 23.74% on the closing price of 1,293 yen of the Target Company Stock as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). On January 20, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,600 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Subsequently, on January 24, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,650 yen (premium of 26.73% on the stock price of 1,302 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). In response to the proposal from the Tender Offeror, the Target Company, on January 27, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,650 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Following that, on January 30, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,675 yen (premium of 25.09% on the stock price of 1,339 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). In response to the proposal from the Tender Offeror,, on January 31, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,675 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Following that, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,700 yen (premium of 28.30% on the stock price of 1,325 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). Today, the Tender Offeror received a response from the Target Company to the effect that it accepts the Tender Offeror's proposal, and the Tender Offeror and the Target Company agreed on the Tender Offer Price of 1,700 yen.

c. Description of the Decision

In its meeting today, the Board of Directors of the Target Company carefully discussed and considered in the meeting held today whether the Transaction, including the Tender Offer, contributes to enhancement of its corporate value, and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the fullest extent the special committee's determinations presented in the Written Report, based on the following: (i) legal advice received from Oh-Ebashi LPC & Partners; (ii) advice from a financial perspective received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ; (iii) the share valuation report containing the valuation results for the Target Company Stock received on February 1, 2023 (the "Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)") (iv) the fairness opinion on the Transaction, stating that the Tender Offer Price of 1,700 yen per share is appropriate for the shareholders of the Target Company (not including the Tender Offeror and its affiliated companies) from a financial perspective (the "Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)"); and (v) the share valuation report (the "Share Valuation Report (Plutus)") and the fairness opinion on the Transaction (the "Fairness Opinion (Plutus)" provided through the special committee.

As a result, as described below, the Target Company came to the conclusion that becoming a wholly owned subsidiary of the Tender Offeror would allow the Target Company to create synergies and enhance the Target Company's corporate value.

In December 2007, Target Company became a consolidated subsidiary of the Tender Offeror through a tender offer, for the purpose of further strengthening business platforms and enhancing the corporate value of the Tender Offeror and the Target Company, considering that mutually utilizing management resources held by the two companies and strengthening their affiliation would be more efficient and effective. Specifically, the Target Company expected to expand sales of products of the two companies and create new products and businesses in environment, resources and energy areas through the development of markets in emerging countries with growth potential, such as in Asia and the Middle East, and mutual utilization of sales networks.

Following that, when the Tender Offeror became the parent company of the Target Company, the Tender Offeror examined the details of its collaboration with the Tender Offeror on specific topics in order to further strengthen the collaboration, and has been working on research and development as well as activities such as sales and promotional activities to support advances in the reform of electric power systems and increased environmental awareness, as well as the move toward a more sustainable society. As a result, the Target Company has achieved certain results in its collaboration with the Tender Offeror, such as receiving a large-scale order in transmission/transformer packages in a wind power project and joint development and commercialization of an energy management system. On the other hand, the Target Company Group believes that structural and irreversible shifts are taking place in the business environment surrounding the Target Company, and while measures for solutions to social issues such as those listed in the SDGs are important, there is a shift from fossil fuels to renewable energy as the source of electric power in an effort to counteract the effects of global warming, as can be seen in the Japanese Government's acceleration of initiatives to realize a carbon-neutral society. More specifically, in addition to an increase in new market entrants into the power-related industry and intensifying competition associated with the separation of power transmission and distribution resulting from deregulation of the power industry and the above mentioned structural changes, there are technological changes such as digitization and the upgrading of controls associated with the automation of substations and the shift from centralized sources of power to distributed power sources, as well as changes in materials technology and processing technology necessitated by the shift to EV in the automotive industry.

Amid such changes in the external environment, future challenges for business include a shift from unit sales of power equipment to a business model that offers solutions based on the customer's problems; dealing with the changes in market players associated with the increasing trend for distributed power sources and off-grid systems; and expanding resources for the global market that is expected to see technological innovation in areas such as digitalization and DC power distribution, etc., and vigorous growth in demand in the future.

Given the above-mentioned changes in the business environment and business challenges, although to date the Target Company has been collaborating with the Tender Offeror by exchanging personnel and conducting joint sales, in order to respond in a timely manner to the rapidly changing business environment and business challenges, and to further enhance the corporate value of the Target Company, the Target Company Group considers it to be important for proposal-making and decision-making by the Tender Offeror and the Target Company to proceed with an even greater sense of urgency.

However, as regulations for corporate governance reform and capital markets have recently been strengthened, as an independently listed company, the Target Company has had to make appropriate decisions and follow an institutional decision-making process on a stand-alone basis, taking into consideration other minority shareholders apart from the Tender Offeror; and there have been certain restrictions on promoting the prompt, uninterrupted mutual use of customer bases and business platforms, etc., by the Tender Offeror Group and the Target Company Group, due to concerns about conflicts of interests between the Tender Offeror Group and minority shareholders, and from the perspective of ensuring the independence of the Target Company.

After the Transaction, the Target Company will become a wholly owned subsidiary of the Tender Offeror and this will avoid any restrictions concerning the conflict of interest between the Tender Offeror Group and minority shareholders, and the need to ensure the independence of the Target Company. At the same time, it will encourage more sharing and utilization of both companies' management resources necessary for medium-to-long term growth, including confidential information, which will accelerate the development of higher performance products, systems and solutions. The Target Company believes that this will help overcome the business challenges listed above through the following key synergies.

I. To Dive Deeper Into, and Expand, Business by Combining Technologies

<Power Supply and Environment Systems>

・Transmission/Transformer Packages for Wind Power:

The two companies will be able to offer integrated transmission/transformer solutions to wind power generation companies by combining the Tender Offeror's design, manufacturing, processing technology in electric wires/cabling and the Target Company's design, manufacturing, processing technology in power equipment and systems.

・Energy Management Systems

Combining the Target Company's knowledge of electricity consumers with the Tender Offeror's technology and customer base in power systems, will allow us to design and develop integrated energy solutions that cover several customer bases, and promote joint marketing to expand into smart community and micro-grid projects.

・Carbon Neutral Solutions:

An optimal combination of solar generation equipment and the Tender Offeror's power storage technology with the Target Company's substation technology and expertise in energy management, will allow us to develop carbon neutral solutions for manufacturing plants, etc., (for example net-zero factories).

<Beam and Plasma>

・Performance of the Target Company's manufacturing equipment may be improved through further sharing of the Tender Offeror's expertise and know-how as a user of the equipment.

・It is thought that combining the Target Company's electron beam processing technology and the Tender Offeror's materials technology will improve productivity and the functionality of materials (better resistance to heat, wear and chemicals) in the Tender Offeror's business.

<Equipment and Parts Solutions, etc.>

・Sharing resources such as equipment, human resources and customer information of both companies in conjunction with the Target Company's advanced metal processing technology will allow the Target Company's Equipment & Parts Solution business to expand, and also improve performance and cut costs for the Tender Offeror's parts production and equipment assembly.

II. Utilizing Resources to Increase Global Presence and Delve Deeper/Expand Business

① Strengthening the collaborative framework for global offices of the two companies will encourage further overseas expansion of their business operations, while sharing and making mutual use of each other's customer bases and marketing offices will promote global marketing; and by bringing together the experiences of both companies in the global market, we hope to improve risk management.

② We can improve the prospects for creating new products and innovative initiatives by enhancing human resources, combining the expertise of both companies through the rotation of human resources and the dynamic and flexible exchange, merger, and utilization of intellectual property, know-how, technical networks, and human resources, etc.

III. Securing Profits by Streamlining Back-Office Departments

In addition to reducing management costs as a listed company, the Target Company believes that carrying out checks on workflows/functions in administrative departments, and arrangements for resource allocation, will achieve efficiencies and cost savings by reshuffling duplicated operations, and allow focusing limited resources on business development to continue to sustain its current high-profit structure in the face of changes in the business environment.

Further, in general terms, as a result of delisting, companies might not be able to raise funds through equity finance from the capital market, or their name recognition, credit worthiness, and securing of human resources, which they have enjoyed as listed companies, might be affected. However, in light of the level of Target Company's holdings of cash and cash equivalents, it is not expected that it will require fundraising through equity finance for the time being, and it is believed that through a long history of its business activities and social activities, its brand strength and name recognition in the power equipment industry is already pervasive and the trust relationship with a number of stakeholders including its employees and business partners has been established. In addition, based on the Tender Offeror's policy to work to enhance the corporate value of both companies through the realization of synergies between the Tender Offeror and the Target Company, the Target Company Group believes that there are no particular material disadvantages resulting from the Transaction.

In light of the above, it has been decided that making the Target Company a wholly owned subsidiary of the Tender Offeror is the best way of enhancing the corporate value of the Target Company Group.

Furthermore, in light of the points listed below, the Target Company decided that the Tender Offer Price of 1,700 yen per share was a reasonable price that would secure benefits for minority shareholders of the Target Company, and that the Tender Offer would provide minority shareholders of the Target Company with a reasonable opportunity to sell their shares of Target Company stock at an appropriate premium.

(i) The Tender Offer Price has been subject to proper measures by the Target Company to ensure the fairness of the terms and conditions of the transaction, which includes the Tender Offer Price, as described in "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below; and such Tender Offer Price has been agreed after sufficient negotiations with the Tender Offeror, and with the substantial involvement of the special committee.

(ii) The Tender Offer Price exceeds the valuation results obtained using the market price method and other similar company comparison methods, and was within the range of the valuation results obtained using the discounted cash flow method (hereinafter, the "DCF Analysis"), as calculated by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in the share valuation report; and a fairness opinion was also issued by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. stating that, from a financial perspective, the Tender Offer price of 1,700 yen was deemed to be reasonable for shareholders (other than the Tender Offeror and its affiliated companies) of the Target Company Stock. Note that both the Stock Valuation Report and the Fairness Opinion are as described in "(iv) Share Valuation Report and Fairness Opinion Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization" under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below.

(iii) The Tender Offer Price exceeds the valuation results obtained using the market price method and other similar company comparison methods, and exceeded the valuation result using the market price method, was within the range of the valuation result using the similar company comparison method, and was within the range of the valuation results obtained using the DCF Analysis, as calculated by Plutus in its share valuation report; and a fairness opinion was also issued by Plutus stating that, from a financial perspective, the Tender Offer Price of 1,700 yen was reasonable for shareholders (other than the Tender Offeror) of the Target Company Stock. Note that both the Stock Valuation Report and the Fairness Opinion are as described in (ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization from a Third Party Valuation Organization that is Independent of the special committee under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" below.

(iv) The Tender Offer Price includes an additional premium of 23.82% on the closing price of 1,373 yen for the Target Company Stock in the Prime Market of the Tokyo Stock Exchange on February 1, 2023, which was the business day prior to the date that the Tender Offer was announced; 29.87% on the simple average closing price of 1,309 yen (rounded to the nearest Japanese yen, to apply to all simple average closing price calculations hereinafter) for the one month immediately preceding February1 2023; 28.40% on the simple average closing price of 1,324 yen for the three months immediately preceding the same date; and 23.64% on the simple average closing price of 1,375 yen for the six months immediately preceding the same date. This is within the range of level of premiums in other cases (Note) of purchases by a parent company with the purpose of de-listing a listed subsidiary, and it is confirmed that it exceeds the maximum closing price of the past five years of 1,643 yen, as well as the maximum market price of 1,674 yen.

(Note) This is in reference to premium rates of 17 cases which were publicly announced on and after June 28, 2019 when the Ministry of Economy, Trade and Industry published the "Fair M&A Guidelines," up until January 31, 2023, and in which the purchase price was 50 billion yen or more and the total voting rights ratio of the tender offeror and its specially related parties prior to the tender offer was 25% or more (however, this excludes acquisitions by funds, MBO, and cases that are not appropriate to refer to due to leakage, etc.); in these cases, the ranges of the premiums on the closing price on the business day immediately preceding the announcement date and the simple average closing price for the immediately preceding one month, the immediately preceding three months, and the immediately preceding six months were 17% to 85%, 21% to 82%, 22% to 81%, and 11% to 80%, respectively.

(v) The Tender Offer Price was also deemed to be reasonable in the Written Report acquired from the special committee, as described below in "(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company" under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase."

Based on the above, the Target Company decided that the Transaction would contribute to enhancing its corporate value and that the terms and conditions pertaining to the Transaction, including the Tender Offer Price, were reasonable; and, at the Target Company's Board of Directors meeting held today, all directors of the Target Company unanimously resolved to express their opinion to support the Tender Offer and recommend that the Target Company shareholders tender their shares in the Tender Offer. For details of the decision-making process at the Target Company, see "(vii) Approval of All Directors of the Target Company and Opinion of All Audit and Supervisory Board Members of the Target Company That They Have No Objections" under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" described below.

② Post-Tender Offer Management Policy

In order to make steady progress in achieving the synergies listed in "① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer," the Tender Offeror and the Target Company will consolidate efforts and work to accelerate collaboration between the Tender Offeror Group and the Target Company Group, and expedite decision-making. In addition, the Tender Offeror will fully discuss with the Target Company's management team any matters concerning the streamlining of management resources and redistribution for overall optimization that aim to improve corporate value. Note that at the present time, nothing has been decided concerning the management system/composition of the Board of Directors at the Target Company after the Tender Offer, including whether or not executives will be dispatched there and other personnel matters. After the Tender Offer has been completed, discussions will be held between the Tender Offeror and the Target Company to create an appropriate governance system that respects the Target Company's individuality and a system that will maximize synergies for the Tender Offeror Group.

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

The Tender Offeror and the Target Company have both implemented the following measures in order to ensure fairness of the Transaction, realizing and in response to the following issues: (i) the Target Company is a consolidated subsidiary of the Tender Offeror; and (ii) the Transaction, which includes the Tender Offer, constitutes a significant transaction with the Target Company's controlling shareholder, and is a transaction where the issues of structural conflicts of interest and of asymmetry of information typically subsist between the Tender Offeror and the Target Company's minority shareholders.

As described in "(1) Overview of the Tender Offer" above, since the Tender Offeror owns 54,991,175 shares of the Target Company Stock (ownership ratio: 51.45%) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not set such a minimum planned purchase quantity that would satisfy the "majority of minority" in the Tender Offer. However, as both the Tender Offeror and the Target Company have put in place the measures described below, the Tender Offeror believes that sufficient consideration has been given to the interests of minority shareholders of the Target Company. The special committee has decided in the Written Report that given that other measures to ensure fairness are considered to have been fully taken, the absence of such a majority of minority conditions will not be a specific issue in relation to the measures to ensure fairness. The Target Company has also reached this decision.

① Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company

② Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization
③ Advice Obtained from an Independent Legal Advisor to the Target Company
④ Share Valuation Report and Fairness Opinion Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization
⑤ Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization
⑥ Establishment of Independent Consideration System at the Target Company
⑦ Approval of All Directors of the Target Company and Opinion of All Audit and Supervisory Board Members of the Target Company That They Have No Objections⑧ Measures to Ensure Opportunities for Other Purchasers to Purchase
⑨ Measures to Ensure Opportunities for Shareholders of the Target Company to Appropriately Determine Whether to Tender in the Tender Offer

For details on the above, see "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" described below.

(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)

As described above in "(1) Overview of the Tender Offer," it is the Tender Offeror's policy to make the Target Company its wholly owned subsidiary, and if the Tender Offeror is unable to acquire all the shares of the Target Company Stock (excluding Target Company Stock owned by the Tender Offeror and treasury shares owned by the Target Company) through the Tender Offer, then after the Tender Offer is completed, the Tender Offeror plans to carry out procedures using the methods listed below to acquire all Target Company Stock, (excluding Target Company Stock owned by the Tender Offeror and treasury shares owned by the Target Company).

① Demand for Cash-Out

If, upon completion of the Tender Offer, the Tender Offeror holds a total of 90% or more of the collective voting rights of all Target Company shareholders and becomes a "special controlling shareholder" as prescribed in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005 - including all subsequent revisions; hereinafter the same), then soon after the Tender Offer is settled, the Tender Offeror plans to demand that all shareholders of the Target Company who did not tender to the Tender Offer (excluding the Tender Offeror and the Target Company) (the "Shareholders Subject to Cash-Out") sell all shares in the Target Company that they own (the "Demand for Cash-Out) pursuant to the provisions of Part 2, Chapter 2, Section 4-2 of the Companies Act. In the Demand for Cash-Out, the Tender Offeror plans to offer Shareholders Subject to Cash-Out an amount of money equivalent to the Tender Offer Price as the price per share for their Target Company Stock. In this case, the Tender Offeror will notify the Target Company of its intention to do so, and seek the Target Company's approval for the Demand for Cash-Out. If the Target Company, through a resolution of its Board of Directors, approves the Demand for Cash-Out, the Tender Offeror will, in accordance with the procedures set forth in relevant laws and regulations and without the need to obtain the approval of the Shareholders Subject to Cash-Out, obtain all the shares of the Target Company Stock owned by all Shareholders Subject to Cash-Out, on the acquisition date specified in the Demand for Cash-Out. Furthermore, the Tender Offeror will offer the same amount of money per share of Target Company Stock as that of the Tender Offer Price in compensation for the shares owned by the Shareholders Subject to Cash-Out. According to the Target Company Press Release, if the Tender Offeror informs the Target Company of its intent to execute a Demand for Cash-Out and issue notification of the matters prescribed in Article 179(2), Paragraph 1 of the Companies Act, then the Target Company plans to approve the Demand for Cash-Out at a meeting of its Board of Directors.

One of the procedures in the Companies Act that is meant to protect the rights of minority shareholders in the above process, allows Shareholders Subject to Cash-Out to petition a court to determine the sale price of the Target Company Stock they own pursuant to Article 179 (8) of the Companies Act and other relevant laws and statutory regulations, if a Demand for Cash-Out is made. Further, if such a petition is filed, the sale price of the Target Company Stock will be ultimately determined by court.

② Share Consolidation

On the other hand, if the total number of voting rights of the Target Company Stock owned by the Tender Offeror is less than 90% of the number of voting rights of all Target Company shareholders after the Tender Offer is completed, then soon after settlement, the Tender Offeror plans to request the Target Company to call an extraordinary general meeting of Target Company shareholders (the "Extraordinary Shareholders Meeting") pursuant to Article 180 of the Companies Act; a meeting that will include proposal agenda items for a consolidation of Target Company shares (the "Share Consolidation") and an amendment to the Articles of Incorporation to abolish the number of unit shares stipulated therein, on condition that the Share Consolidation takes effect. The Tender Offeror believes that it is preferable to hold the Extraordinary Shareholders Meeting as promptly as possible from the view point of enhancing the corporate value of the Target Company, and it plans to request the Target Company to issue a public notice of the establishment of a Reference Date during the period of purchase for the Tender Offer (the "Tender Offer Period") with the reference date for the Extraordinary Shareholders Meeting being a date close to and after the commencement of the date of the settlement for the Tender Offer (planned on March 31, 2023 as of today). According to the Target Company Press Release, as of today, the Target Company intends to hold an Extraordinary Shareholders Meeting scheduled for May 2023, at the Tender Offeror's request. Note that the Tender Offeror intends to vote in favor of both the proposed agenda items listed above at this Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, then as of the date that the consolidation takes effect, the number of shares owned by Target Company shareholders will be in proportion to the share consolidation ratio approved at the Extraordinary General Meeting. If the Share Consolidation results in fractions of less than one share, then Target Company shareholders with fractional shares will, in accordance with the procedures set forth in Article 235 of the Companies Act and other relevant laws and statutory regulations, be paid the money that would have been obtained by selling Target Company Stock equivalent to the total number of fractions to the Target Company or the Tender Offeror (note that if the total number of fractions include a fraction that is less than 1 share, then that fraction will be rounded down; the same to apply hereinafter). Regarding the sale price of the Target Company Stock that equate to the sum total of the fractions, the Tender Offeror plans to ensure that the sale results in the amount paid to Target Company shareholders who did not tender to the Tender Offeror (except for the Tender Offeror and the Target Company) being the same as the Tender Offer Price multiplied by the number of the Target Company Stock owned by each such shareholder, before asking the Target Company to petition the court to endorse the discretionary sale of these shares. Although as of today, the consolidation ratio for Target Company Stock has yet to be determined, it is expected that it will be set so that any shareholders (excluding the Tender Offeror and the Target Company) who did not tender to the Tender Offeror end up owning a fraction of less than one share of Target Company Stock, allowing the Tender Offeror to become the sole owner of all the shares of the Target Company Stock (excluding treasury shares owned by the Target Company).

As the procedures under the Companies Act relevant to the above procedures for the purpose of protecting rights of minority shareholders, pursuant to the provisions of Articles 182(4) and 182(5) of the Companies Act and other relevant laws and statutory regulations, if the Share Consolidation results in fractional shareholdings of less than one share, then the Target Company shareholders may ask the Target Company to purchase all fractional shares (less than one share) that they own at a fair market price and may file a petition with the court to determine the price of the Target Company Stock. Further, if such a petition is filed, the purchase price of the Target Company Stock will be ultimately determined by court.

Note that, the Tender Offer is in no way intended to solicit support from shareholders of the Target Company at the

Extraordinary Shareholders Meeting.

Each of the procedures mentioned in ① and ② above may take time, or may require changes to the method of implementation, depending on the status of revisions, enforcement, or interpretation by the authorities etc., of the relevant laws and statutory regulations. Note that, even in such an event, upon successful completion of the Tender Offer, the plan is to adopt a method which ensures that Target Company shareholders who did not tender to the Tender Offer (excluding the Tender Offeror and the Target Company) are ultimately paid an amount of money that equates to the number of shares they own in the Target Company multiplied by the Tender Offer Price. However, if a petition is filed to determine the trading price in connection with a Demand for Cash-Out, or alternatively to determine the price of shares purchased in a Share Consolidation, then ultimately the price will be determined by the court.

In order to ensure that the only shareholder entitled to vote at the Target Company's annual general meeting of shareholders for the fiscal year ending March 2023 (the "Annual Shareholders Meeting"), which is scheduled to be held in June 2023, is the shareholder remaining after the Squeeze-out Procedures (i.e. the Tender Offeror) then, subject to the successful completion of the Squeeze-out Procedures, the Tender Offeror intends to request that the Target Company partially amend its Articles of Incorporation to abolish the provisions therein concerning the record date for eligibility to vote at an Annual Shareholders Meeting and to do so without delay after March 31, 2023; whereupon the Target Company shall hold a shareholder meeting to make the partial amendment to the Articles of Incorporation soon after the said request (and before the Annual Shareholders Meeting in June 2023 at the latest). Consequently, even if shareholders are listed or recorded in the Target Company's Shareholder Register as of March 31, 2023, they may not be able to exercise their voting rights at the Annual Shareholders Meeting.

The specific procedures and timings, etc. for each of the scenarios listed above will be discussed by the Tender Offeror and the Target Company, and announced by the Target Company as soon as decisions are made. Furthermore, Target Company shareholders are responsible for confirming their own tax status with a tax expert if they tender to the Tender Offer or are subject to either of the squeeze out procedures listed above.

(5) Prospect of Delisting and Reasons Therefor

As of today, Target Company Stock is listed on the Prime Market of the Tokyo Stock Exchange. However, in accordance with the delisting criteria set by the Tokyo Stock Exchange, the Stock may be delisted using prescribed procedures, depending on the outcome of the Tender Offer, as the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Offer. Even if the deal does not meet the Tokyo Stock Exchange's criteria at the time the Tender Offer is completed, after its completion, it will fall under the delisting criteria if the procedures described above in "(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" are implemented, and the Target Company Stock will then be delisted through the prescribed procedures. Note that, after the delisting, it will no longer be possible to trade the Target Company Stock on the Tokyo Stock Exchange.

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

Not applicable.

2. Overview of the Purchase

(1) Overview of the Target Company

① Name	Nissin Electric Co., Ltd.
② Address	47, Umezu-Takase-cho, Ukyo-ku, Kyoto-shi

<table>
<tr><td>③</td><td colspan="2">Name and title of representative</td><td colspan="2">Yoshihiro Matsushita, President and COO</td></tr>
<tr><td>④</td><td colspan="2">Business outline</td><td colspan="2">Business activities such as product development, manufacture, sale, and services across three business segments: Power Supply and Environment System segment, Beam and Plasma segment, and Equipment and Parts Solution segment</td></tr>
<tr><td>⑤</td><td colspan="2">Capital stock</td><td colspan="2">10,252 million yen (as of December 31, 2022)</td></tr>
<tr><td>⑥</td><td colspan="2">Date of establishment</td><td colspan="2">April 11, 1917</td></tr>
<tr><td rowspan="11">⑦</td><td colspan="2" rowspan="11">Major shareholders and shareholding ratios (as of September 30, 2022)</td><td>Sumitomo Electric Industries, Ltd.</td><td>51.45 %</td></tr>
<tr><td>The Master Trust Bank of Japan, Ltd. (trust account)</td><td>7.28 %</td></tr>
<tr><td>Custody Bank of Japan, Ltd. (trust account)</td><td>6.09 %</td></tr>
<tr><td>The Kansai Electric Power Company, Incorporated</td><td>4.27 %</td></tr>
<tr><td>BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS
(Custody Service Department of the Tokyo Branch of Hongkong and Shanghai Banking Corporation Limited as Standing Proxy)</td><td>2.07 %</td></tr>
<tr><td>Sumitomo Life Insurance Company
(Custody Bank of Japan, Ltd. as Standing Proxy)</td><td>1.55 %</td></tr>
<tr><td>NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND
(Custody Service Department of the Tokyo Branch of Hongkong and Shanghai Banking Corporation Limited as Standing Proxy)</td><td>1.42 %</td></tr>
<tr><td>Custody Bank of Japan, Ltd. (For the portion re-entrusted to Sumitomo Mitsui Trust Bank, Limited /DAIHEN Corporation retirement benefit trust account)</td><td>0.90 %</td></tr>
<tr><td>Nippon Electric Glass Co., Ltd.</td><td>0.71 %</td></tr>
<tr><td>STATE STREET BANK WEST CLIENT – TREATY 505234
(Settlement & Clearing Services Department, Mizuho Bank, Ltd. as Standing Proxy)</td><td>0.70 %</td></tr>
<tr><td></td><td></td></tr>
<tr><td rowspan="5">⑧</td><td colspan="4">Relationship Between the Listed Company and the Target Company</td></tr>
<tr><td colspan="2">Capital relationship</td><td colspan="2">The Tender Offeror holds 54,991,175 shares of Target Company Stock (ownership ratio: 51.45%), which makes the Target Company the Tender Offeror’s consolidated subsidiary.</td></tr>
<tr><td colspan="2">Personnel relationship</td><td colspan="2">As of today, three out of six directors of the Target Company (Shigeo Saito, Yoshihiro Matsushita and Yukifumi Teramoto) and one out of five audit and supervisory board members (Tadashi Ueno) are from the Tender Offeror. Furthermore, two employees of the Target Company are on secondment to the Tender Offeror, and five employees of the Tender Offeror are on secondment to the Target Company.</td></tr>
<tr><td colspan="2">Business relationship</td><td colspan="2">The Tender Offeror purchases products and fixed assets from, pays joint development expenses to, receives dividend payment from, and sells products such as power cables, to the Target Company.</td></tr>
<tr><td colspan="2">Status as related party</td><td colspan="2">The Target Company is a consolidated subsidiary of the Tender Offeror, and therefore regarded as a related party of the Tender Offeror.</td></tr>
</table>

(Note) Information in "⑦ Major shareholders and shareholding ratios (as of September 30, 2022)" has been copied from the second quarterly securities report for the 165th Term submitted by the Target Company on November 8, 2022.

(2) Schedule and Other Matters

① Schedule

Date of resolution by Board of Directors	February 2, 2023 (Thursday)
Date of public notice of commencement of tender offer	February 3, 2023 (Friday) An electronic public notice will be made, and notice of such electronic public notice will be published in the Nikkei. (Electronic publication address: https://disclosure2.edinet-fsa.go.jp/)
Submission date of tender offer registration statement	February 3, 2023 (Friday)

② Initial Period of Purchase Set at the Time of Submission of Registration Statement

From February 3, 2023 (Friday) until March 22, 2023 (Wednesday) (32 business days)

③ Possibility for Extension at Request of Target Company

Not applicable.

(3) Purchase Price

1,700 yen per common share

(4) Grounds for Calculation of Purchase Price

① Basis for Calculation

With the aim of ensuring the fairness of the Tender Offer Price, the Tender Offeror asked Nomura Securities, a financial advisor and third-party valuation organization independent of the Tender Offeror and the Target Company, to calculate the value of the Target Company Stock in order to determine the Tender Offer Price. Nomura Securities is neither a related party of the Tender Offeror or the Target Company, nor does it have a material interest in the Tender Offer.

After reviewing the calculation method to be adopted in the Tender Offer, Nomura Securities calculated the value of the Target Company Stock by using the following methods: the market share price analysis (because the Target Company Stock is listed on the Prime Market of the Tokyo Stock Exchange); the comparable company analysis (because it is possible to infer the value of the Target Company Stock through comparisons with listed companies comparable to the Target Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). The Tender Offeror obtained a share valuation report dated today, from Nomura Securities (the "Tender Offeror Share Valuation Report"). (Note 1)

The Tender Offeror has obtained the Tender Offeror Share Valuation Report from Nomura Securities, as the third party valuation organization. At the Tender Offeror's Board of Directors meeting, the Tender Offer Price has been decided and determined after confirming that the Tender Offer Price was within the range of the calculation results.

The Tender Offeror and the Target Company has not obtained any opinion from Nomura Securities regarding the appropriateness of the Tender Offer Price (i.e., a fairness opinion) because they believe that measures to ensure fairness and avoid conflicts of interest have been fully taken (specifically, measures described in "(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company" through "(ix) Measures to Ensure Opportunities for Shareholders of the Target Company to Appropriately Determine Whether to Tender in the Tender Offer" under "Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" of "② Background to Calculation" below), and that sufficient consideration has been made for the interests of the Target Company's minority shareholders. The results of calculation by Nomura Securities of the per-share value of the Target Company Stock are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis:	1,029 yen to 1,904 yen
DCF Analysis:	1,463 yen to 1,925 yen

Under the market share price analysis, February 1, 2023 was the Reference Date, the per-share value of the Target Company Stock was calculated to range from 1,309 yen to 1,375 yen, based on the following prices of the Target Company Stock on the Prime Market of the Tokyo Stock Exchange: the closing price on the Reference Date (1,373 yen); the simple average of the closing price for the five business days immediately preceding the Reference Date (1,341 yen); the simple average of the closing price for the one month immediately preceding the Reference Date (1,309 yen); the simple average of the closing price for the three months immediately preceding the Reference Date (1,324 yen); and the simple average of the closing price for the six months immediately preceding the Reference Date (1,375 yen).

Under the comparable company analysis, the value of the Target Company Stock was calculated through comparison with the market share price and financial indicators (e.g., profitability) of listed companies that engage in businesses comparatively similar to those of the Target Company. Using this methodology, the per-share value of the Target Company Stock was calculated to range from 1,029 yen to 1,904 yen.

Under the DCF Analysis, the Target Company's corporate value and share value were calculated by discounting the free cash flow that is expected to be generated in the future by the Target Company in and after the fiscal year ending in March 2023 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in the Target Company's business plan for 4 fiscal years from the fiscal year ending in March 2023 to the fiscal year ending in March 2026, the historical performance trend to the most recent, as well as other publicly available information. Using this methodology, the per-share value of the Target Company Stock was calculated to range from 1,463 yen to 1,925 yen.

In the business plan which served as a basis for the DCF Analysis, no significant increases or decreases in profits are expected. The synergy effects expected to realize as a result of the execution of the Transaction has not been reflected because it is difficult at this point to specifically estimate the impact on profit.

By a resolution at the Board of Directors meeting held on February 2, 2023, based on the results of discussions and negotiations with the Target Company, the Tender Offeror ultimately determined that the Tender Offer Price would be 1,700 yen per share, comprehensively taking into account: (i) the valuation results in the Tender Offeror Share Valuation Report obtained from Nomura Securities; (ii) the fact that no material issue that would affect the Tender Offer Price was found as a result of the due diligence on the Target Company that was carried out by the Tender Offeror during the period from early December 2022 to mid-January 2023; (iii) the financial condition of the Target Company; (iv) the fact that

that is considered a reasonable level in light of actual examples of 39 cases of premiums granted when the purchase price was determined in the case of previous tender offers for shares by persons other than issuers announced in or after January 2019 the purpose of which is for the listed parent company to make their consolidated subsidiaries their wholly owned subsidiaries (the simple average premium level was 46.6% immediately preceding the announcement date, 47.5% for the one month immediately preceding the announcement date, 47.3% for the three months immediately preceding the announcement date, and 45.2% for the six months immediately preceding the announcement date, and the median value of the premium level was 44.4% immediately preceding the announcement date, 44.6% for the one month immediately preceding the announcement date, 43.1% for the three months immediately preceding the announcement date, and 43.6% for the six months immediately preceding the announcement date); (v) whether the Board of Directors of the Target Company would support the Tender Offer; (vi) fluctuations in the market price of the Target Company Stock; and (vii) anticipated levels of tendering in the Tender Offer. Further, the Tender Offer Price exceeds the upper value of the range of the calculation result based on the market share price analysis of the Tender Offeror Share Valuation Report and is within the range of the calculation result based on the DCF Analysis.

The Tender Offer Price of 1,700 yen per share represents the following premiums: 23.82% on the closing price of the Target Company Stock of 1,373 yen on the Prime Market of the Tokyo Stock Exchange as of February 1, 2023, which is the business day immediately preceding the date of announcement of the Tender Offer; 29.87% on the simple average of the closing price of 1,309 yen for the one month immediately preceding February 1, 2023; 28.40% on the simple average of the closing price of 1,324 yen for the three months immediately preceding February 1, 2023; and 23.64% on the simple average of the closing price of 1,375 yen for the six months immediately preceding February 1, 2023.

(Note 1) In calculating the share value of Target Company Stock, Nomura Securities has assumed that all public information and information provided to it are accurate and complete, and it has not independently verified the accuracy or completeness thereof. Also, Nomura Securities neither has independently evaluated, appraised or assessed, nor has requested that any third-party organization appraise or assess, any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company or its affiliated companies (including analyzing and evaluating their individual assets and liabilities). The Target Company's financial forecast (including profit plans and other information) is assumed to have been reasonably examined or prepared based on the best, bona-fide forecast and decision-making that are presently available to the Tender Offeror's or the Target Company's management at present. Calculations by Nomura Securities reflect the information obtained and economic conditions learned by Nomura Securities up to and including February 1, 2023. Calculations by Nomura Securities are solely for reference purposes for the Tender Offeror's Board of Directors to consider the share value of the Target Company's stock.

② Background to Calculation

(Background to the Decision of the Tender Offer Price)

The Tender Offeror started specifically considering the Transaction in late October 2022. It appointed Nomura Securities as its financial advisor and third-party valuation organization independent of the Tender Offeror and the Target Company, and Nishimura & Asahi as its legal advisor. The Tender Offeror also made a proposal to the Target Company to make the Target Company its wholly owned subsidiary and provided the Target Company with a preliminary letter of intent for the Transaction on November 2, 2022.

In response to this, with the submission of the preliminary letter of intent for the Transaction by the Tender Offeror on November 2, 2022 as the opportunity, and with the aim of ensuring the fairness of the Tender Offer Price and the fairness of the Transaction, the Target Company appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation organization independent of the Tender Offeror, and Oh-Ebashi LPC & Partners as its legal advisor. The Target Company requested Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the third-party valuation organization, to calculate the value of the Target Company Stock and submit an opinion on whether the Tender Offer Price is appropriate from a financial perspective for the shareholders of the Target Company other than the Tender

Offeror and its affiliated companies (i.e., a fairness opinion). Moreover, the Target Company established a special committee to build an examination framework for making examination and decisions on the Transaction from a perspective of enhancing the corporate value of the Target Company and securing the profit of all of the minority shareholders of the Target Company. The special committee approved the appointment by the Target Company of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation organization and Oh-Ebashi LPC & Partners as its legal advisor, and also independently appointed Plutus as its third-party valuation organization independent of the Target Company and the Tender Offeror and built a framework for discussion and negotiation for the Tender Offer.

Based on the above, the Tender Offeror and the Target Company started specific negotiation and consideration for the Transaction.

Along with carrying out the due diligence on the Target Company during the period from early December 2022 to mid-January 2023 to closely examine the feasibility of the Tender Offer, the Tender Offeror has been discussing with the Target Company and the special committee the significance and purposes of the Transaction, the synergy effects expected from the Transaction, the post-Transaction management structure and business policy, and the conditions of the Transaction, including the Tender Offer Price. Since January 5, 2023, the Tender Offeror held discussions and negotiations on the Tender Offer Price with the Target Company on multiple occasions. Specifically, on January 5, 2023, the Tender Offeror made a proposal on the Tender Offer Price of 1,550 yen (premium of 21.28% on the closing price of 1,278 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange), comprehensively taking into account: (i) fluctuations in the market price of the Target Company Stock, (ii) the progress of the due diligence carried out during the period from early December 2022 to mid-January 2023, (iii) the content of the valuation analysis of the Target Company Stock by Nomura Securities, and (iv) anticipated levels of tendering in the Tender Offer. However, on January 6, based on the following: (i) the opinion of the special committee based on the valuation results for the Target Company Stock at that time received from the third-party valuation organization for the Target Company, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and the valuation results for the Target Company Stock at that time received from the third-party valuation organization for the special committee, Plutus, (ii) premium levels in examples of wholly-owned subsidiary takeovers similar to the Transaction, and (iii) fluctuations in the market price (level of market highs in the preceding year), the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,550 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated based on the Target Company’s announcement of support and the recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company Following that, in light of the Target Company’s request for reexamination of the proposal, on January 17, the Tender Offeror proposed the Tender Offer Price of 1,600 yen (premium of 23.74% on the closing price of 1,293 yen of the Target Company Stock as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). On January 20, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,600 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company’s announcement of support and recommendation to tender shares in the Tender Offer and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Subsequently, in light of the Target Company’s request for reexamination of the proposal, on January 24, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,650 yen (premium of 26.73% on the stock price of 1,302 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). In response to the proposal from the Tender Offeror, the Target Company, on January 27, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,650 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company’s announcement of support and recommendation to tender shares and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Following that, in light of the Target Company's request for reexamination of the proposal, on January 30, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,675 yen (premium of 25.09% on the stock price of 1,339 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). In response to the proposal from the Tender Offeror, on January 31, for the same reasons as above, the Target Company requested that the Tender Offeror reconsider the Tender Offer Price of 1,675 yen in this proposal, since it was not considered to have sufficiently reflected the intrinsic value that the Target Company could realize as it was far below the price level anticipated upon the Target Company's announcement of support and recommendation to tender shares and it was also not considered that due consideration has been given to the interests of minority shareholders of the Target Company. Following that, in light of the Target Company's request for reexamination of the proposal, the Tender Offeror proposed to the Target Company with a Tender Offer Price of 1,700 yen (premium of 28.30% on the stock price of 1,325 yen as of the preceding business day at the Prime Market of the Tokyo Stock Exchange). Today, the Tender Offeror received a response from the Target Company to the effect that it accepts the Tender Offeror's proposal, and the Tender Offeror and the Target Company agreed on the Tender Offer Price of 1,700 yen.

As a result, in addition to the agreement on the Tender Offer Price described above, today, the Tender Offeror and the Target Company reached an agreement that the Tender Offeror making the Target Company its wholly owned subsidiary is the best means to respond to the changing business environment surrounding the Tender Offeror and the Target Company and to contribute to the enhancement of the corporate value of both companies, and the Tender Offeror decided at its Board of Directors meeting held today to implement the Tender Offer.

In determining the Tender Offer Price, the Tender Offeror asked Nomura Securities, its financial advisor and third-party valuation organization independent of the Tender Offeror and the Target Company, to calculate the value of the Target Company Stock, and the Tender Offeror obtained the Tender Offeror Share Valuation Report on the results of the calculation of the value of the Target Company Stock as of today.

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

The Tender Offeror obtained the Tender Offeror Share Valuation Report from its third-party valuation organization Nomura Securities, and determined and decided the Tender Offer Price at the Board of Directors meeting at the Tender Offeror after confirming that the Tender Offer Price is within the range of those calculation results.

Further, the Tender Offeror has not obtained from Nomura Securities any opinion concerning the appropriateness of the Tender Offer Price (i.e., a fairness opinion).

The outline of the Tender Offeror Share Valuation Report and the reason that has led to the decision of the Tender Offer Price based thereon are as follows:

(i) Overview of the Tender Offeror Share Valuation Report

Nomura Securities calculated the value of the Target Company Stock by using the market share price analysis, comparable company analysis, and DCF Analysis methods. The ranges of per-share value of the Target Company Stock calculated by those methods are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis:	1,029 yen to 1,904 yen
DCF Analysis:	1,463 yen to 1,925 yen

(ii) Reasons for the Decision of the Tender Offer Price Taking into Consideration the Tender Offeror Share Valuation Report

By a resolution at the Board of Directors meeting held on February 2, 2023, based on the results of discussions and negotiations with the Target Company, the Tender Offeror ultimately determined that the Tender Offer Price would be 1,700 yen per share, comprehensively taking into account: (i) the valuation results in the Tender Offeror Share Valuation Report obtained from Nomura Securities; (ii) the fact that no material issue that would affect the Tender Offer Price was found as a result of the due diligence on the Target Company that was carried out by the Tender Offeror during the period from early December 2022 to mid-January 2023; (iii) the financial condition of the Target Company; (iv) the fact that that is considered a reasonable level in light of actual examples of 39 cases of premiums granted when the purchase price was determined in the case of previous tender offers for shares by persons other than issuers announced in or after January 2019 the purpose of which is for the listed parent company to make their consolidated subsidiaries their wholly owned subsidiaries (the average premium level was 46.6% immediately preceding the announcement date, 47.5% for the one month immediately preceding the announcement date, 47.3% for the three months immediately preceding the announcement date, and 45.2% for the six months immediately preceding the announcement date, and the median value of the premium level was 44.4% immediately preceding the announcement date, 44.6% for the one month immediately preceding the announcement date, 43.1% for the three months immediately preceding the announcement date, and 43.6% for the six months immediately preceding the announcement date); (v) whether the Board of Directors of the Target Company would support the Tender Offer; (vi) fluctuations in the market price of the Target Company Stock; and (vii) anticipated levels of tendering in the Tender Offer. Further, the Tender Offer Price exceeds the upper value of the range of the calculation result based on the market share price analysis of the Tender Offeror Share Valuation Report, which is stated in "(i) Overview of the Tender Offeror Share Valuation Report" above, and is within the range of the calculation result based on the DCF Analysis.

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

The Tender Offeror and the Target Company have both implemented the following measures in order to ensure fairness of the Transaction, realizing and in response to the following issues: (i) the Target Company is a consolidated subsidiary of the Tender Offeror; and (ii) the Transaction, which includes the Tender Offer, constitutes a significant transaction with the Target Company's controlling shareholder, and is a transaction where the issues of structural conflicts of interest and of asymmetry of information typically subsist between the Tender Offeror and the Target Company's minority shareholders. The measures described below implemented with respect to the Target Company were based on explanations received from the Target Company.

As described in "(1) Overview of the Tender Offer" of "1. Purpose of the Purchase" above, since the Tender Offeror owns 54,991,175 shares of the Target Company Stock (ownership ratio: 51.45%) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not set such a minimum planned purchase quantity that would satisfy the "majority of minority" in the Tender Offer. However, as both the Tender Offeror and the Target Company have put in place the measures described below, the Tender Offeror believes that sufficient consideration has been given to the interests of minority shareholders of the Target Company. The special committee has decided in the Written Report that given that other measures to ensure fairness are considered to have been fully taken, the absence of such a majority of minority conditions will not be a specific issue in relation to the measures to ensure fairness. The Target Company has also reached this decision.

(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company

A. Background to the Establishment

The Target Company established a special committee by resolution of the Board of Directors meeting of the Target Company held on November 29, 2022, as described in "(Background to the Decision of the Tender Offer Price)." Before establishing the special committee, the Target Company had notified all of its independent outside directors and independent outside audit and supervisory board members individually of the following from November 2, 2022 on which it received the Tender Offeror's proposal to make the Target Company its wholly owned subsidiary, with the advice of Oh-Ebashi LPC & Partners, in order to establish a system to consider, negotiate and make decisions for the Transaction so as to enhance its corporate value and secure the interests of its minority shareholders independent from the Tender Offeror: (a) the Target Company had received a proposal for the Transaction from the Tender Offeror; and (b) it would be necessary to take full measures to secure the appropriateness of the terms of the Transaction, including establishing the special committee, in considering and negotiating the Transaction, as the Transaction typically involved the issues of structural conflicts of interest and of asymmetry of information. At the same time, the Target Company also ascertained the independency and qualification of its independent outside officers who would be candidates for the special committee members, with the advice of Oh-Ebashi LPC & Partners. After confirming that the prospective candidates were independent of the Tender Offeror (it has been confirmed that Masahiro Yurino, Sachiko Hirabayashi, Hitoshi Tanaka, and Go Saeki have no material interest in the Tender Offeror or the Target Company), and that they did not have any material interest in the success or failure of the Transaction that differed from that of the Target Company's minority shareholders, with a view to forming an adequately-sized special committee while ensuring a balance of knowledge, experience and ability within the special committee as a whole, the Target Company selected, with the advice of Oh-Ebashi LPC & Partners, the following four persons as candidates for the special committee members: Masahiro Yurino (an independent outside director of the Target Company, professor emeritus at Doshisha University, and auditor at Doshisha), who possesses expertise regarding accounting and auditing gained through his long-standing career as a university professor; Sachiko Hirabayashi (an independent outside director of the Target Company, advisor of Kyoto Chuo Shinkin Bank, and Trustee/Councilor of the Ritsumeikan Trust), who possesses expertise regarding business management, finance and accounting gained through her long-standing career engaged in financial business; Hitoshi Tanaka (an independent outside audit and supervisory board member of the Target Company, attorney/partner at Yodoyabashi & Yamagami Legal Professional Corporation, and outside director of Tayca Corporation), who possesses abundant experience and expertise gained through his long-standing career as an expert engaged in corporate law and other legal affairs; and Go Saeki (an independent outside audit and supervisory board member of the Target Company and a certified public accountant), who possesses abundant experience and expertise as an expert gained through his long-standing career engaged in statutory corporate auditing (the membership of the special committee has not been changed since its establishment).

Then, the Target Company established the special committee pursuant to a resolution at the meeting of the Board of Directors of the Target Company held on November 29, 2022, and consulted with the special committee on the Advisory Matters. In addition, in establishing the special committee, the Board of Directors of the Target Company resolved that it should respect the special committee's determinations to the fullest extent in making decisions regarding the Transaction, and that if the special committee determines that the terms of the Transaction are not appropriate, the Board of Directors of the Target Company should not agree to the Transaction on such terms. The Board of Directors of the Target Company further resolved to grant to the special committee the following authorities: (i) to receive information required for considering and deciding on the Transaction from the Target Company's officers and employees; (ii) to express opinions to the Target Company on negotiations regarding the terms of the Transaction; (iii) to approve (including ratification) the Target Company's outside professional advisors appointed by the Target Company; (iv) to seek advice of the Target Company's outside professional advisors at the cost of the Target Company; and (v) to appoint and seek advice of the special committee's own third-party valuation organization at the cost of the Target Company (including requesting obtaining share valuation reports and fairness opinions).

At the Board of Directors meeting of the Target Company described above, all directors of the Target Company unanimously adopted the above-mentioned resolution after deliberation.

A fixed-amount fee is to be paid to each of the members of the special committee in consideration of their work, irrespective of the contents of their report.

B. Background to the Consideration

During the period from November 29, 2022 through today, a total of 9 meetings of the special committee were held, and a total of approximately 15 hours were spent in the meetings. In addition, the special committee executed its duties related to the Advisory Matters between those meeting dates by way of frequently sharing reports and information, and engaging in discussions and decisions via electronic mail and online meetings.

Specifically, the special committee approved the appointment of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as the Target Company's financial advisor and third-party valuation organization, and Oh-Ebashi LPC & Partners as the Target Company's legal advisor after confirming that there were no issues regarding their independence and expertise. The special committee also confirmed that it had no objection to receiving professional advice from those advisors.

The special committee also considered the independence, expertise and past performance of the candidates for the third-party valuation organization and appointed Plutus on December 13, 2022, as a third-party valuation organization independent of the Tender Offeror and the Target Company. The special committee has confirmed that Plutus is not a party related to the Tender Offeror or the Target Company and does not have any material interest in the Transaction, including the Tender Offer, and that there is no other issue concerning its independence in connection with the Transaction.

Thereafter, the special committee conducted a review of the measures that should be taken to ensure fairness of the procedures of the Transaction, taking into account the opinion obtained from Oh-Ebashi LPC & Partners.

The special committee sent to the Tender Offeror a written questionnaire regarding, among other things, the purposes, reasons and the like of the Transaction, the background and purpose of choosing to implement the Transaction at this time, the management policy, governance and the like of the Target Company after the Transaction, any disadvantages of the Transaction, and the process, terms and the like of the Transaction. Regarding these matters, the special committee received explanations directly from Hideo Hato (Representative Director and Senior Managing Director) of the Tender Offeror by means of a written response, and held a question-and-answer session.

The special committee also requested the attendance at its meeting by Shigeo Saito (Chairman), Yoshihiro Matsushita (President), Yukifumi Teramoto (Managing Director), Kenji Kobayashi (Managing Director), Kimito Nishikawa (Managing Executive Officer), Kazuhisa Nitta (Managing Executive Officer), Kenji Iwanaga (General Manager, Corporate Planning Department), and Hiroyuki Imon (General Manager, Legal Department). At the meeting, the special committee obtained their opinions as the Target Company's management and other related information regarding the matters including the following, and held a question-and-answer session: the significance and the purpose of the Transaction; the timing and method of the Transaction; the management policy and governance of the Target Company after the Transaction; and the principle for the Target Company's share value.

In addition, the special committee confirmed the reasonableness of the substance of, and approved, the business plan prepared by the Target Company (the "Business Plan") and the background of the preparation thereof, among other things, taking into consideration the advice of Plutus from a financial perspective. Based on the confirmation and approval of the Business Plan by the special committee, the Target Company passed a resolution for the content of the Business Plan at the Board of Directors meeting of the Target Company held on December 23, 2022, and presented it to the Tender Offeror and Nomura Securities on the same date. As stated in "(ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization and (iv) Share Valuation Report and Fairness Opinion Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization" below, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Plutus conducted the valuation of the Target Company Stock based on the Business Plan, and the special committee received from them an explanation on the calculation methods used for their valuations of the Target Company Stock, the reason for adopting such calculation methods, the details of the valuation by each calculation method, and important assumptions. The special committee confirmed the reasonableness of these matters after a question-and-answer session, deliberations and consideration. Also, as stated in " (ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization and (iv) Share Valuation Report and Fairness Opinion Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization" below, the special committee received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) provided by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. to the Target Company, and also received the Fairness Opinion (Plutus) on February 1, 2023. At that time, the special committee received from each of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Plutus, and confirmed, an explanation on the content and important assumptions of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Plutus).

Ever since the Target Company has received the first proposal from the Tender Offeror to set the Tender Offer Price at 1,550 yen per share (premium of 21.28% on the stock price of 1,278 yen, which is the closing price of the Target Company Stock at the Prime Market of the Tokyo Stock Exchange on the preceding day), the special committee has, each time the Target Company received proposals of the Tender Offer Price from the Tender Offeror, has been given reports from time to time by the Target Company and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the Target Company's point of contact for the negotiations, about the substance and the negotiation process, and deliberated and considered the substance, upon advice of Plutus from a financial perspective and opinion from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. from a financial perspective. Also, the special committee was substantially involved in the negotiation process for the terms and conditions of the Transaction, such as being provided with prior explanation from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. about its negotiation with and response to the Tender Offeror, providing opinions as necessary, approving after question and answer sessions, and making instructions and requests to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. As a result, on January 31, 2023, the Target Company received an offer from the Tender Offeror, which offered, among other things, to set the Tender Offer Price at 1,700 yen per share, and today, the Target Company responded to the Tender Offeror of its acceptance, and the Target Company has agreed with the Tender Offeror to set the Tender Offer Price at 1,700 yen. This represents a total of 4 increases in price and a 9.68% (rounded off to two decimal places) increase from the price proposed in the initial offer. Moreover, on multiple occasions, the special committee received from Oh-Ebashi LPC & Partners an explanation on the substance of a draft of the Target Company Press Release, and has confirmed that sufficient information disclosure would be made by the Target Company.

C. Details of the Decision

Under the circumstances described above, the special committee carefully discussed and reviewed the Advisory Matters on multiple occasions, taking into account the advice of Plutus from a financial perspective, and the content of the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) provided on February 1, 2023. As a result, based on unanimous consent of the members, the special committee submitted to the Board of Directors of the Target Company a Written Report as of today as summarized below:

(a) Details of the Written Report

i. The Transaction will contribute to enhancement of the Target Company's corporate value, and the purpose thereof is considered reasonable.

ii. The terms of the Transaction (including the consideration for the Transaction) are considered appropriate.

iii. Sufficient consideration has been given to the interests of the Target Company's minority shareholders through fair procedures in the Transaction.

iv. It is considered appropriate and not disadvantageous to the Target Company's minority shareholders for the Target Company's Board of Directors to decide: to express an opinion in support of the Tender Offer; to recommend that the Target Company shareholders tender their shares in the Tender Offer; and to execute the procedures to make the Target Company the Tender Offeror's wholly owned subsidiary after the Tender Offer.

(b) Reasons for the Written Report

i. It is considered that the Transaction will contribute to enhancement of the Target Company's corporate value and that the purpose thereof is considered reasonable, due to the following reasons:

- Regarding the purpose of the Transaction and the specific content of the corporate value of the Target Company that is expected to be enhanced, and the Tender Offeror's thoughts regarding the management policy of the Target Company after the completion of the Transaction, as a result of inquiries to the Target Company and the Tender Offeror, the special committee did not find any unreasonable points in the content of the explanation stated in "(i) Background to the Tender Offer" and "(ii) Background and Purpose of the Decision to Implement the Tender Offer" under "① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer" under "(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" and "② Post-Tender Offer Management Policy" above.
- In light of the market environment surrounding the Target Company, the business challenges of the Target Company, certain limitations in the mutual use of the client base and business basis, etc. of the Tender Offeror's Group and the Target Company's Group, and the future outlook, etc. of the business of the Target Company, implementation of the Transaction can be expected to obtain the results of each of the synergies listed in "(iii) Background to and Reasons for Making a Decision by the Target Company to Support the Tender Offer" of "①Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer" under "(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" under "1. Purpose of the Purchase" above, and to lead to overcoming business challenges, and even taking into account certain dis-synergies, it is recognized that it will contribute to the corporate value of the Target Company for all stakeholders, including employees.

ii. The terms of the Transaction (including the consideration for the Transaction) are considered appropriate, due to the following reasons:

- The special committee received a detailed explanation of the calculation methods, etc. used in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Share Valuation Report (Plutus), and received responses to its questions to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Plutus, and the Target Company concerning (i) the valuation methods, (ii) the analysis of market price and sales in the market price method, (iii) the selection of comparable companies in the comparable company analysis, (iv) the selection of indicators used as multiples, (v) the business plan that formed the basis for the calculations in the DCF Analysis, (vi) the financial forecasts and the calculation method for going value that formed the assumptions of that business plan, and (viii) the calculation basis for the discount value, etc. As a result of its discussions and its considerations of the differences in the calculation results, the special committee found no unreasonable points considering the general evaluation work and found no unreasonable points regarding the process of preparing the Target Company financial forecasts that formed the assumptions of those calculations.

- It is acknowledged that along with exceeding the upper value of the range calculated based on the market price method by the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Share Valuation Report (Plutus), it also exceeds the upper value of the range resulting from the calculation based on the comparative company method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). It also lies within the range resulting from the calculation based on the DCF Analysis by the Share Valuation Report (MUFJ Morgan Stanley Securities) and the Share Valuation Report (Plutus) and exceeds the level of the median value of the range (the price of one share of the Target Company Stock calculated using the median value of the figures used in the sensitivity analysis of the discount rate which forms the basis for the calculation by the DCF Analysis).

- The Tender Offer Price 1,700 yen adds a premium of 23.82% over 1,373 yen, the closing price of the Target Company Stock on the Prime Market of the Tokyo Stock Exchange on February 1, 2023, 29.87% over 1,309 yen, the average closing price of the month preceding February 1, 2023, 28.40% over 1,324 yen, the average closing price of the preceding three months, and 23.64% over 1,375 yen, the average closing price of the preceding six months. This premium is within the range of premiums in other cases (Note) of purchases by a parent company with the purpose of delisting a listed subsidiary, and is confirmed that it exceeds the maximum closing price of the past five years of 1,643 yen, as well as the maximum market price of 1,674 yen.

  (Note) This is in reference to premium rates of 17 cases which were publicly announced on and after June 28, 2019 when the Ministry of Economy, Trade and Industry published the “Fair M&A Guidelines,”, up until January 31, 2023, and in which the purchase price was 50 billion yen or more and the total voting rights ratio of the tender offeror and its specially related parties prior to the tender offer was 25% or more (however, this excludes acquisitions by funds, MBO, and cases that are not appropriate to refer to due to leakage, etc.); in these cases, the ranges of the premiums on the closing price on the business day immediately preceding the announcement date and the simple average closing price for the immediately preceding one month, the immediately preceding three months, and the immediately preceding six months were 17% to 85%, 21% to 82%, 22% to 81%, and 11% to 80%, respectively.

- As shown in (iii) below, in recognizing that the procedures for the negotiation process leading to the Transaction including the Tender Offer are fair, it is recognized that the Tender Offer Price was decided based on the results of those negotiations.

- While it is expected that the Transaction will be implemented by the two-stage purchase, in which the Tender Offer will be conducted by the Tender Offeror in exchange for cash, followed by procedures for taking the company private (demand for cash-out and share consolidation. This is the same meaning as the “Squeeze-Out Procedures” as defined in this press release), this method is considered to be reasonable because it is a common method that has been used in cases similar to the Transaction, and opportunities have been secured for objections concerning the value for minority shareholders.

- The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Plutus) that state that the Tender Offer Price is appropriate from a financial perspective for shareholders of the Target Company (excluding the Tender Offeror and its affiliated companies) are obtained.

iii. It is considered that sufficient consideration has been given to the interests of the Target Company's minority shareholders through fair procedures in the Transaction, due to the following reasons:

- In light of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror, and the Transaction, which includes the Tender Offer, is a transaction in which the issues of structural conflicts of interest and asymmetry of information typically exist for the Target Company, in the course of reviewing the Transaction from the perspective of preserving fairness, while obtaining advice and opinions from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the financial advisor independent of both the Target Company and the Tender Offeror, and its legal advisor Oh-Ebashi LPC & Partners, after the establishment of a special committee independent of both the Target Company and the Tender Offeror, the Target Company carried out careful discussions and consultations about the appropriateness of the terms and conditions of the Tender Offer, starting with the Tender Offer Price, and the fairness of the series of procedures of the Transaction, from the perspective of increasing the corporate value of the Target Company and securing the interests of the minority shareholders of the Target Company. However, in the establishment of the special committee, the Board of Directors of the Target Company decided that in the decision-making process related to the Transaction, it would give the utmost respect to the decision of the special committee when making decisions about the Transaction, and if the special committee decided that the terms and conditions of the Transaction were not appropriate, it would not approve the Transaction under those conditions.
- The special committee confirmed that there were no problems with the independence or professionalism of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Oh-Ebashi LPC & Partners, and also confirmed that there were no objections to receiving professional advice from these advisors. In addition, the special committee confirmed that there was no problem with the independence and professionalism of Plutus, and selected Plutus as the independent third-party valuation organization, and is receiving advice from Plutus from a financial standpoint including policy for negotiation with the Tender Offeror.
- Following the negotiation policy that had been approved in advance by the special committee, the Target Company held multiple practical discussions and negotiations with the Tender Offeror about the Tender Offer Price in order to ensure its fairness from the perspective of protecting the interests of the minority shareholders. Specifically, the Target Company used Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as a point of contact to conduct price negotiations, including by submission of written questions and answers approved by the special committee, via Nomura Securities, the financial advisor of the Tender Offeror. As a result of negotiations between the Target Company and the Tender Offeror, by the time the decision about the Tender Offer Price of 1,700 yen per share was reached, the price had increased to a total amount of 150 yen (an increase of 9.68% over the initial proposal) (rounded to the second decimal place) from the Tender Offeror of 1,550 yen per share of the Target Company Stock.
- At the Target Company's Board of Directors meeting, it is planned that all six directors of the Target Company will unanimously resolve to express their opinion to support the Transaction and recommend that the Target Company shareholders tender their shares in the Tender Offer. It is

assumed that all five audit and supervisory board members in attendance at the above Board of Directors meeting will respectively state that they have no objection to the aforementioned resolution.

- Three of the Target Company's directors—Shigeo Saito (Chairman), Yoshihiro Matsushita (President), and Yukifumi Teramoto (Managing Director) —are originally from the Tender Offeror, but it was deemed unlikely that any conflict of interest would arise in the Target Company's decision-making regarding the Transaction because a certain period of time had passed since they had commenced serving the Target Company exclusively, and none of them were involved, or in the capacity to be involved, in the Transaction from the side of the Tender Offeror.

- The Tender Offeror and the Target Company have not entered into any agreement that limits the opportunities for the Target Company to have contact with a party that proposes to acquire the Target Company ("Competing Offeror") other than the Tender Offeror, such as an agreement that includes deal protection provisions that prohibit the Target Company from having contact with a Competing Offeror. The Tender Offeror has made sure not to hinder opportunities for competing purchases. Accordingly, the Tender Offeror has given consideration to securing the fairness of the Tender Offer.

- The Tender Offeror will not adopt any methods that do not secure, for the Target Company's shareholders, the right to demand the purchase of shares or the determination of price; and in conducting the Demand for Cash-Out or the Share Consolidation, the cash delivered to the Target Company's shareholders as consideration will be calculated to equal the Tender Offer Price multiplied by the number of shares of the Target Company Stock owned by the respective shareholders (excluding the Tender Offeror and the Target Company). Accordingly, the Tender Offeror has considered avoidance of coerciveness by securing the opportunity for the Target Company's shareholders to appropriately decide whether to tender in the Tender Offer.

- The Tender Offeror has set a Tender Offer Period of 32 business days, which is longer than the minimum period of 20 business days provided by relevant laws and regulations. By setting such a comparatively long Tender Offer Period, the Tender Offeror intends to secure an appropriate opportunity to allow the Target Company shareholders to decide whether to tender their shares in the Tender Offer.

- The special committee confirms that has received an explanation of the content of drafts of the statement of opinion and the press release about the statement of opinion to be provided by the Target Company, as well as the Tender Offer Explanation that the Tender Offeror plans to publish, and has confirmed their contents after receiving advice from Oh-Ebashi LPC & Partners.

- A "majority of minority" condition is not expected to be established in the Tender Offer. On this point, the Transaction is considered to contribute to the corporate value of the Target Company, and although the appropriateness of that transaction condition is recognized, if a minimum planned purchase quantity that would satisfy the "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Furthermore, in the Transaction, other measures to ensure fairness have been provided by the Target Company. Considering these points, given that other measures to ensure fairness are considered to have been fully taken, the absence of such a majority of minority conditions will not be a specific issue in relation to the measures to ensure fairness.

- In these negotiations, considerations and discussions, no undue influence of the Target Company by the Tender Offeror was confirmed.

iv. As stated above, it is considered that the purpose of the Transaction is reasonable and the terms thereof are appropriate, and that sufficient consideration has been given to the interests of the Target Company's minority shareholders through fair procedures in the Transaction. Therefore, it is considered appropriate and not disadvantageous to the Target Company's minority shareholders for the Target Company's Board of Directors to decide: to express an opinion in support of the Tender Offer; to recommend that the Target Company shareholders tender their shares in the Tender Offer; and to execute the procedures to make the Target Company Tender Offeror's wholly owned subsidiary after the Tender Offer.

(ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Organization

A. Name of the Valuation Organization and its Relationship with the Target Company and the Tender Offeror

Before considering the Advisory Matters, the special committee had requested Plutus, its own third-party valuation organization independent of the Tender Offeror and the Target Company, the valuation of the Target Company Stock and to express its opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion), in order to secure the fairness of the terms of the Transaction including the Tender Offer Price; and the special committee obtained the Share Valuation Report (Plutus), and the Fairness Opinion (Plutus) on February 1, 2023.

The Target Company's Board of Directors also received the Share Valuation Report (Plutus), and the Fairness Opinion (Plutus) when it was provided with the Written Report by the special committee on February 2, 2023, as stated in "(iii) Background to and Reasons for Decision-Making by the Target Company" of "① Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer" of "(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" above. The Board of Directors also took into account the substance of those documents in passing the resolution set forth in (vii) Approval of All Directors of the Target Company and Opinion of All Audit and Supervisory Board Members of the Target Company That They Have No Objections below.

Plutus is not a party related to the Tender Offeror or the Target Company, nor does it have any material interests in the Transaction, including the Tender Offer. The special committee appointed Plutus as its own third-party valuation organization by considering the independence, expertise and past performance of the candidate third-party valuation organization, as stated in "(i) Establishment of the Independent Special Committee, and Obtainment of the Special Committee's Written Report, by the Target Company" above. Fees due to Plutus for the Transaction are only fixed fees payable irrespective of the success or failure of the Transaction, and they do not include contingent fees payable on conditions such as successful completion of the Transaction, including the Tender Offer.

B. Overview of the Calculation of the Target Company Stock

After reviewing the calculation method to be adopted in calculating the value of the Target Company Stock from among multiple calculation methods in the Tender Offer, Plutus calculated the value of the Target Company Stock by using the following methods, considering that it would be appropriate to evaluate the value of the Target Company Stock from multiple perspectives based on the assumption that the Target Company is a going concern: the market share price analysis (because the Target Company Stock is listed on the Prime Market of the Tokyo Stock Exchange and there are market share prices available); the comparable company analysis (because it is possible to infer the share value through comparisons with multiple listed companies comparable to the Target Company); and the DCF Analysis (in order to reflect the status of future business activities in the calculation). The ranges of per-share value of the Target Company Stock calculated by those methods are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis	1,536 yen to 1,925 yen

DCF Analysis: 1,636 yen to 2,009 yen

Under the market share price analysis, where February 1, 2023 was the reference date, the per-share value of the Target Company Stock was calculated to range from 1,309 yen to 1,375 yen, based on the following prices of Target Company Stock on the Tokyo Stock Exchange: the closing price of the reference date (1,373 yen), the simple average of the closing price for the one month immediately preceding the Reference Date (1,309 yen); the simple average of the closing price for the three months immediately preceding the Reference Date (1,324 yen); and the simple average of the closing price for the six months immediately preceding the Reference Date (1,375 yen).

Under the comparable company analysis, a valuation was performed with sum of the parts analysis ("SOTP Analysis") on the Target Company businesses categorized as the electrical equipment businesses and the beam and plasma business. In the selection of the comparable company, Meidensha Corporation, DAIHEN Corporation, and Takaoka Toko Co., Ltd. were selected as the listed companies operating businesses relatively comparable to the electrical equipment businesses, and ULVAC, Inc. was selected as the listed company operating a business relatively comparable to the beam and plasma business. The share value was calculated using the ratios of EBIT and EBITDA to the business value. Using this methodology, the per-share value of the Target Company Stock was calculated to range from 1,536 yen to 1,925 yen.

Under the DCF Analysis, the Target Company's corporate value and share value were analyzed by discounting the free cash flow that is expected to be generated in the future by the Target Company in and after the fourth quarter of the fiscal year ending in March 2023 at a certain discount rate to the present value, based on the relevant factors including the Target Company's business plan prepared by the Target Company for four fiscal years from the fiscal year ending in March 2023 to the fiscal year ending in March 2026, as well as other publicly available information. Using this methodology, the per-share value of the Target Company Stock was calculated to range from 1,636 yen to 2,009 yen. The discount rate applied ranged from 7.563% to 9.630%. In calculating the going value, the perpetual growth method was used with a perpetual growth rate of 0%.

The consolidated financial forecast under the Target Company's business plan based on which Plutus calculated the value of the Target Company Stock under the DCF Analysis is as provided below.

The Business Plan prepared by the Target Company and used by Plutus in the calculation under the DCF Analysis does not include fiscal years in which a significant increase or decrease in profits are expected compared to the previous fiscal year. Further, the synergy effects expected to be obtained from the Transaction are difficult to estimate in detail at present, and they are not reflected in the financial forecast below. Further, as stated in "B. Background to the Consideration" of "(i) Establishment of the Independent special committee, and Obtainment of the Special Committee's Written Report, by the Target Company" above, the special committee has confirmed the reasonableness of the Business Plan including the substance, important assumptions, and the background of the preparation thereof.

(Unit: million yen)

	FY ending in March 2023 Q4	FY ending in March 2024	FY ending in March 2025	FY ending in March 2026
Net Sales	51,998	145,884	151,075	160,754
Operating income	8,474	16,809	19,469	20,226
EBITDA	9,230	21,489	24,457	25,566
Free cash flow	3,008	10,831	11,022	10,098

C. Overview of the Fairness Opinion (Plutus)

On February 1, 2023, the special committee obtained from Plutus the Fairness Opinion (Plutus) stating that the Tender Offer Price of 1,700 yen per share is, from a financial perspective, fair for the minority shareholders of the Target Company (Note 2). The Fairness Opinion (Plutus) expresses an opinion that the Tender Offer Price of 1,700 yen per share is, from a financial perspective, fair for the minority shareholders of the Target Company in light of the results of valuation of the Target Company Stock under the Business Plan prepared by the Target Company. The Fairness Opinion (Plutus) was issued by Plutus through the following: (i) consideration of (a) the results of valuation of the Target Company Stock conducted based on the disclosure by the Target Company of the Target Company Group's current business status and future business plans, and explanations received therefor, (b) question-and-answer session with the Target Company concerning the overview, background and purpose of the Tender Offer, (c) the business environment of the Target Company Group, market and financial conditions, and other relevant factors to the extent deemed necessary by Plutus; and (ii) review procedures by an examination committee at Plutus independent of its engagement team.

(Note 2) In preparing and submitting the Fairness Opinion (Plutus) and calculating the underlying share value, Plutus relied on the information and base materials provided by or discussed with the Target Company, and publicly-available materials assuming that they are accurate and complete and do not contain any facts that may materially affect the analysis or calculation of the value of the Target Company Stock and have not been disclosed to Plutus. Plutus has not independently investigated or verified, nor does it have any obligation to investigate or verify, such information or materials. Plutus assumed that the Business Plan and other materials of the Target Company that it used as the base materials for the Fairness Opinion (Plutus) were reasonably prepared by the management of the Target Company based on the best forecasts and judgment currently available. Plutus neither guarantees the feasibility of the forecasts, nor has it expressed its views regarding the analysis or forecasts on which it based the preparation of the forecasts or those materials, or preconditions underlying the analysis or forecasts. Plutus neither has independently evaluated or appraised, nor has received any written evaluation or written appraisal regarding, any assets or liabilities (including off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company or its affiliated companies (including analyzing and evaluating their individual assets and liabilities). Plutus has not evaluated the creditworthiness of the Target Company or any of its affiliated companies under the applicable laws concerning bankruptcy, admission to its creditors its inability to pay its debts generally as such debts become due, or any other similar insolvency events. Plutus is neither an organization specialized in law, accounting or tax, nor independently analyzes or considers whether there are any legal, accounting or tax issues concerning the Tender Offer, nor has any obligation to analyze or consider them. The Fairness Opinion (Plutus) provides opinions as of the creation date thereof, on whether the Tender Offer Price is fair for the Target Company's minority shareholders from a financial perspective, based on the financial and capital markets, economic conditions and other circumstances as of the creation date thereof, as well as the information obtained by Plutus by that date. The Fairness Opinion (Plutus) may be affected by changes in the subsequent situation, but Plutus does not have any obligation to correct, amend, or supplement the Fairness Opinion (Plutus). The Fairness Opinion (Plutus) does not imply or suggest any opinion other than the matters expressly provided therein or in relation to any matters that may arise on or after the submission date thereof. The Fairness Opinion (Plutus) only provides opinions that the Tender Offer Price is fair and not disadvantageous to the Target Company's minority shareholders from a financial perspective, and it does not express any opinion or make any recommendations regarding whether the Tender Offer should be implemented or regarding the tendering in or other conducts related to the Tender Offer. It also does not provide the owners of securities issued by the Target Company, its creditors or other related parties with any opinion. The Fairness Opinion (Plutus) has been provided by Plutus to be used as the base material for decision-making regarding the Tender Offer Price by the Target Company's Board of Directors and the special committee, and it should not be relied on by any other parties.

(iii) Advice Obtained from an Independent Legal Advisor to the Target Company

The Target Company appointed Oh-Ebashi LPC & Partners as its legal advisor independent of the Tender Offeror and the Target Company. The Target Company has received legal advice therefrom, including advice on the measures to take in order to secure the fairness of the procedures in the Transaction; the procedures in the Transaction; and the method and process of decision-making by the Target Company regarding the Transaction.

Oh-Ebashi LPC & Partners is neither a related party of the Tender Offeror or the Target Company, nor does it have a material interest in the Transaction, including the Tender Offer.

(iv) Share Valuation Report and Fairness Opinion Obtained by the Target Company from an Independent Financial Advisor and Third-Party Valuation Organization

(A) Name of the Valuation Organization and its Relationship with the Target Company and the Tender Offeror

The Target Company considered the Tender Offer Price presented by the Tender Offeror and, before expressing its opinion regarding the Tender Offer, requested that Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., a third-party valuation organization independent of the Target Company and the Tender Offeror, calculate the value of the Target Company Stock and provide opinions regarding the appropriateness of the Tender Offer Price (i.e., fairness opinion), as measures to secure the fairness of the Tender Offer. The Target Company then obtained from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) on February 1, 2023 (Note 3).

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is not a Related Party of the Target Company or the Tender Offeror, and does not have any material interest in the Transaction, including the Tender Offer.

Also, a substantial portion of compensation payable to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in connection with the Transaction is transaction compensation that is payable subject to the announcement of the Transaction and the completion of the Squeeze-Out Procedures pertaining to the minority shareholders. The Target Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as its financial advisor and third-party valuation institution based on the compensation system above after taking into consideration practices generally used in similar transactions, and the fact that it was a compensation system in which the Target Company will not bear any financial burden if the Transaction were not completed, and other factors. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

(B) Overview of the Calculation of the Target Company Stock

After reviewing the calculation method to be adopted in the Tender Offer, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. calculated the value of the Target Company Stock by using the following methods, considering that it would be appropriate to evaluate the value of the Target Company Stock from multiple perspectives: the market share price analysis (because the Target Company Stock is listed on the Prime Market of the Tokyo Stock Exchange and there are market share prices available); the comparable company analysis (because it is possible to infer the share value through comparisons with multiple listed companies engaged in businesses relatively comparable to those engaged in by the Target Company); and the DCF Analysis (in order to reflect the fundamental value assessed based on the status of future business activities in the calculation). The ranges of per-share value of the Target Company Stock calculated by those methods are as follows:

Market share price analysis:	1,309 yen to 1,375 yen
Comparable company analysis:	1,345 yen to 1,549 yen
DCF Analysis:	1,551 yen to 1,909 yen

Under the market share price analysis, where February 1, 2023 was the reference date (the “Reference Date”), the per-share value of the Target Company Stock was calculated to range from 1,309 yen to 1,375 yen, based on the following prices of Target Company Stock on the Prime Market of the Tokyo Stock Exchange: the closing price of the Reference Date (1,373 yen); the simple average of the closing price for the one month immediately preceding the Reference Date (1,309 yen); the simple average of the closing price for the three months immediately preceding the Reference Date (1,324 yen); and the simple average of the closing price for the six months immediately preceding the Reference Date (1,375 yen).

Under the comparable company analysis, a valuation was performed with sum of the parts analysis on the Target Company businesses categorized as the electrical equipment businesses and the beam and plasma business. In the selection of the comparable company, Meidensha Corporation, DAIHEN Corporation, and Takaoka Toko Co., Ltd. were selected as the listed companies operating businesses relatively comparable to the electrical equipment businesses, and ULVAC, Inc. was selected as the listed company operating a business relatively comparable to the beam and plasma business. Then, the share value was assessed by making certain financial adjustments, such as using the ratio of EBITDA to the corporate value, and adding the value of cash and cash equivalents held by the Target Company. Using this methodology, the per-share value of the Target Company Stock was calculated to range from 1,345 yen to 1,549 yen.

Under the DCF Analysis, the share value was calculated by making certain financial adjustments, such as adding the value of cash and cash equivalents held by the Target Company to the corporate value calculated by discounting the free cash flow that is expected to be generated by the Target Company on and after Fourth quarter of the fiscal year ending in March 2023 at a certain discount rate to the present value, based on the relevant factors including the Target Company's business plan prepared by the Target Company for four fiscal years from the fiscal year ending in March 2023 to the fiscal year ending in March 2026, as well as other publicly available information. Using this methodology, the per-share value of the Target Company Stock was calculated to range from 1,551 yen to 1,909 yen. The discount rate applied ranged from 5.40% to 7.40%. In calculating the going value, the exit multiple method was adopted, and ratios of EBITDA to corporate value of 4.00 to 5.50 were applied to the analysis.

The consolidated financial forecast under the business plan prepared by the Target Company (the "Business Plan") based on which Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. calculated share value under the DCF Analysis is as provided below. The Business Plan used by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in the calculation under the DCF Analysis does not include fiscal years in which a significant increase or decrease in profits are expected compared to the previous fiscal year. Further, the synergy effects expected to be obtained from the Transaction are difficult to estimate in detail at present, and they are not reflected in the financial forecast below.

(Unit: million yen)

	FY ending in March 2023 Q4	FY ending in March 2024	FY ending in March 2025	FY ending in March 2026
Net Sales	51,998	145,884	151,075	160,754
Operating income	8,474	16,809	19,469	20,226
EBITDA	9,615	21,741	24,457	25,526
Free cash flow	3,030	10,850	10,864	9,940

(C) Outline of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)

The Target Company obtained a Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) on February 1, 2023 from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. which stated to the effect that the Tender Offer Price of 1,700 yen per share would be fair for shareholders of the Target Company (excluding the Tender Offeror and its affiliates) from a financial point of view. The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) was issued after analyzing and reviewing the Business Plan and other financial information submitted by the Target Company and reviewing the results of the valuation of the Target Company's Shares conducted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. after question-and-answer sessions with the Target Company and the special committee, as well as question-and-answer sessions with the Target Company and the special committee regarding the background and circumstances leading to supporting the Tender Offer, and the approval of the committee of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., which consists of professionals from the Investment Banking Division and other divisions of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., in accordance with the internal procedures within Mitsubishi UFJ Morgan Stanley Securities Co., Ltd..

(Note 3) The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and analysis of the share value of the Target Company Stock,, on which the Fairness Opinion is based, were presented to the Target Company's Board of Directors solely to be used for reference by the Board of Directors, and solely as to whether the Tender Offer Price of the Tender Offer is adequate for shareholders of the Target Company (excluding the Tender Offeror and its affiliates) from a financial point of view as of February 1, 2023. The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) does not in any manner address the share prices at which the Target Company's Shares will trade following the announcement of the Tender Offer and does not constitute an opinion or recommendation to the shareholders of the Target Company with respect to the actions of any of such shareholders relating to the Tender Offer. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not recommended any specific Tender Offer Price to the Target Company's Board of Directors, nor has it recommended any specific Tender Offer Price as being the only appropriate price for the Tender Offer. In expressing its opinion in the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and performing analysis, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has relied on the assumption that all publicly available information and information provided by and obtained from the Target Company is accurate and complete, and therefore Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not independently verified the accuracy or completeness of such information. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not been furnished with the audited financial statements of the Target Company for the third quarter ended March 31, 2023 by the Target Company at the time this fairness opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) was prepared. In rendering its opinion in this Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has assumed, without conducting independent verification, that the internal Financial Statements provided are accurate in all respects and fairly represent the items described in them. In the preparation of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. reviewed information relating to certain strategic, financial and operational benefits anticipated from the Transaction and assumes that the information relating to certain strategic, financial and operational benefits including the Financial Forecast have been reasonably prepared by the Target Company's management, reflecting the best currently available estimates and judgments regarding the Target Company's future financial condition. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has assumed that the terms and conditions set forth in the agreements relating to the Transaction will be performed without any waiver, modification or delay. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the Transaction. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is not legal, accounting or tax advisors. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is a financial advisor only and have relied upon, without independent verification, the assessment of the Target Company and its auditors and legal advisors with respect to legal, accounting or tax matters. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has not independently carried out any valuation or assessment of the assets or liabilities (including contingent liabilities) of the Target Company and its affiliates, nor has it obtained any valuations or assessments. The Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and analysis provided by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. are necessarily based on the economic, financial, market and other conditions as in effect on, and other information available made to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as of February 1, 2023. Events occurring after February 1, 2023 may affect the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) and analysis, and the assumptions used in preparing the

Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), but Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. does not assume any obligation to update, revise, or reaffirm the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). In expressing its opinion in the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. was not authorized to solicit, and did not solicit, interest from any party with respect to any acquisitions, business combinations or other extraordinary transactions, involving the Target Company, nor did Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. negotiate with any of the parties, other than the Tender Offeror, which expressed to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. an interest in the possible acquisition of the Target Company or certain of its constituent businesses. The underlying analysis of the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) involve a complex process, which is not necessarily appropriate for partial analysis or summarization. In preparing the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. considers all the analyses as a whole and does not place a particular emphasis on certain parts of the considered analysis or factors. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. made a number of assumptions about industry conditions, general business and economic conditions, and other matters, many of which are beyond the control of the Target Company or the Tender Offeror. All forecasts included in Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.'s analysis do not necessarily represent future results or actual values, and such results or values may be significantly better or worse than those implied by such forecasts. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has acted as financial advisor to the Target Company in connection with the Transaction and will receive a fee for their services, a substantial portion of which is contingent upon the announcement of the Transaction and the completion of the squeeze-out of the minority shareholders in the Transaction. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and its affiliates (hereinafter, the "Group") are a global financial services firm engaged in the banking (including financing for the Target Company and the Tender Offeror), securities, trust, investment management and other financial businesses (hereinafter, collectively "Financial Services"). Its securities business is engaged in securities underwriting, trading, and brokerage activities, foreign exchange, commodities and derivatives trading, as well as providing investment banking, financing and financial advisory services. In the ordinary course of its underwriting, trading, brokerage and financing activities, the Group may at any time hold long or short positions, may provide Financial Services to the Tender Offeror, the Target Company, or companies that may be involved in the Transaction and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of the Tender Offeror, the Target Company, or any company that may be involved in the Transaction, or in any currency or commodity that may be involved in the Transaction, or in any related derivative instrument. The Group, its directors and officers may also at any time invest on a principal basis or manage funds that invest on a principal basis, in debt or equity securities of the Tender Offeror, the Target Company, or any company that may be involved in the Transaction, or in any currency or commodity that may be involved in the Transaction, or in any related derivative instrument. Further, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. may at any time carry out ordinary course broking activities for the Tender Offeror, the Target Company, or any company that may be involved in the Transaction.

(v) Share Valuation Report Obtained by the Tender Offeror from an Independent Financial Advisor and Third-Party Valuation Organization

In determining the Tender Offer Price, the Tender Offeror asked Nomura Securities, its financial advisor and third-party valuation organization independent of the Tender Offeror and the Target Company to calculate the value of the Target Company Stock, and the Tender Offeror obtained the Tender Offeror Share Valuation Report on the results of the calculation of the Target Company's share value today. For details of the Tender Offeror Share Valuation Report on the results of the calculation of the Target Company's share value obtained by the Tender Offeror from Nomura Securities, please see "① Basis for Calculation" above.

(vi) Establishment of Independent Consideration System at the Target Company

The Target Company has internally established a system to consider, negotiate and make decisions for the Transaction independently from the Tender Offeror. Specifically, promptly after receiving an initial proposal on the transaction by the Tender Offeror to make the Target Company its wholly owned subsidiary, the Target Company launched a review team consisting of nine people officers and employees (not including any persons who are on secondment from the Tender Offeror nor anyone who transferred from the Tender Offeror less than three years ago) from the Target Company's Corporate Planning Department, Financial & Accounting Department, Power Supply & Environment System Business Unit, Beam and Plasma Division, Equipment & Parts Business Management Division, Research and Development Unit, Production Engineering Department, Legal Department, and HR Department, and that review team was thereafter involved, with the special committee, in the process of negotiation with the Target Company and the Tender Offeror on the terms and conditions of the Transaction and the process of preparation of the business plan serving as the basis for the assessment of the value of the Target Company Stock. Moreover, the Target Company did not allow any of its officers or employees who was an officer or employee of the Tender Offeror until recently as well as those who presently concurrently serve as officer or employee of the Tender Offeror to be involved in the process of negotiation with the Target Company and the Tender Offeror on the terms and conditions of the Transaction and the process of preparation of the business plan serving as the basis for the assessment of the value of the Target Company Stock from the perspective of eliminating issues of structural conflicts of interest.

The system to consider the Transaction established by the Target Company (including the scope and duties of the officers and employees of the Target Company involved in consideration, negotiation, and making decisions for the Transaction) was based on the advice of Oh-Ebashi LPC & Partners, and the special committee has confirmed that there were no issues with such system from the perspective of its independence and fairness.

(vii) Approval of All Directors of the Target Company and Opinion of Audit and Supervisory Board Members of the Target Company That They Have No Objections

The Board of Directors of the Target Company carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to enhancement of its corporate value, and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the fullest extent the special committee's determinations presented in the Written Report, based on the following: (i) legal advice received from Oh-Ebashi LPC & Partners; (ii) advice from a financial perspective received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.; (iii) the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.); (iv) the Fairness Opinion (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.); and (v) the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) provided through the special committee.

As a result, the Target Company decided that (i) the Transaction, including the Tender Offer, contributes to enhancement of the Target Company's corporate value; and (ii) the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate so as to ensure the interests that the Target Company's minority shareholders would be entitled to receive, and the Tender Offer provides the Target Company's minority shareholders with reasonable opportunities to sell their shares of Target Company Stock at a price including an appropriate premium. At the Target Company's Board of Directors meeting held today, following their deliberation all six directors of the Target Company unanimously resolved to express their opinion to support the Tender Offer and recommend that the Target Company shareholders tender their shares in the Tender Offer.

The above Board of Directors meeting held today as above was attended by five audit and supervisory board members of the Target Company, and the audit and supervisory board members in attendance respectively stated that they had no objection to the aforementioned resolution.

Three of the Target Company's directors—Shigeo Saito (Chairman), Yoshihiro Matsushita (President), and Yukifumi Teramoto (Managing Director) —are originally from the Tender Offeror, but participated in the deliberations and resolutions at the aforementioned Board of Directors meeting, in order to secure a quorum of the Board of Directors meeting, and because it was unlikely that any conflict of interest would arise in the Target Company's decision-making regarding the Transaction, for the following reasons: (i) more than three years had passed since each of those directors had commenced serving the Target Company exclusively; and (ii) none of them were involved, or in the capacity to be involved, in the Transaction from the side of the Tender Offeror. The aforementioned handling was based on the advice of Oh-Ebashi LPC & Partners, and the special committee has confirmed that there were no issues with such handling from the perspective of fairness.

(viii) Measures to Ensure Opportunities for Other Purchasers to Purchase

The Tender Offeror and the Target Company have not entered into any agreement that limits the opportunities for the Target Company to have contact with a competing offeror other than the Tender Offeror, such as an agreement that includes deal protection provisions that prohibit the Target Company from having contact with a Competing Offeror. The Tender Offeror has given consideration to securing the fairness of the Tender Offer by not hindering opportunities for a competing offer.

(ix) Measures to Ensure Opportunities for Shareholders of the Target Company to Appropriately Determine Whether to Tender in the Tender Offer

As stated in "(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" of "1. Purpose of the Purchase" above, the Tender Offeror has expressed the following: (i) the Tender Offer intends to request, promptly after the completion of the settlement of the Tender Offer, that the Target Company hold the Extraordinary Shareholders Meeting whose agenda includes: (a) that the Tender Offeror conduct the Demand for Cash-Out with respect to all shares of Target Company Stock (excluding shares of the Target Company Stock owned by the Tender Offeror and treasury shares owned by the Target Company) commensurate with the number of shares acquired upon the successful completion of the Tender Offer; or (b) that the Target Company conduct the Share Consolidation and partially amend its Articles of Incorporation to abolish the unit share clause, on condition that the Share Consolidation becomes effective; and the Tender Offeror will not adopt any methods that do not secure, for the Target Company's shareholders, the right to demand the purchase of shares or the determination of price; and (ii) in conducting the Demand for Cash-Out or the Share Consolidation, the cash delivered to the Target Company's shareholders as consideration will be calculated to equal the Tender Offer Price multiplied by the number of shares of the Target Company Stock owned by the respective shareholders (excluding the Tender Offeror and the Target Company). Accordingly, the Tender Offeror has considered avoidance of coerciveness by securing the opportunity for the Target Company's shareholders to appropriately decide whether to tender in the Tender Offer.

The Tender Offeror has set the Tender Offer Period to 32 business days, which is longer than the shortest period of 20 business days provided by relevant laws and regulations. By setting such a comparatively long Tender Offer Period, the Tender Offeror intends to secure an appropriate opportunity to allow the Target Company shareholders to decide whether to tender their shares in the Tender Offer, and at the same time, to ensure the appropriateness of the Tender Offer Price.

③ Relationship with Valuation Organization

Nomura Securities, a financial advisor and third-party valuation organization of the Target Company, is neither a related party of the Tender Offeror or the Target Company, nor does it have a material interest in the Tender

Offer.

(5) Number of Shares to be Purchased

Class of Shares	Number of Shares to be purchased	Minimum number of Shares to be purchased	Maximum number of Shares to be purchased
Common Stock	51,883,220 shares	16,258,425 shares	—

(Note 1) If the total number of the Tendered Shares does not reach the minimum number of Shares to be purchased (16,258,425 shares), none of the Tendered Shares will be purchased. If the total number of the Tendered Shares is equal to or exceeds the minimum number of Shares to be purchased (16,258,425 shares), all the Tendered Shares will be purchased.

(Note 2) Because no maximum number of Shares to be purchased has been set in the Tender Offer, the "number of Shares to be purchased" is 51,883,220 shares, which is the possible maximum number of Shares pertaining to the Target Company to be obtained by the Tender Offeror through the Tender Offer. Such maximum number is obtained by deducting (a) from (b), wherein (a) is the number of shares owned by the Tender Offeror as of today (54,991,175 shares), and the number of treasury shares owned by the Target Company as of December 31, 2022 (958,050 shares) as stated in the Target Company Financial Report, and (b) is the total number of issued shares as of December 31, 2022, as stated in the Target Company Financial Report (107,832,445 shares).

(Note 3) Shares in quantities of less than one unit are also subject to the Tender Offer. If a right to demand the purchase of shares in quantities of less than one unit is exercised by any of the Target Company's shareholders pursuant to the Companies Act, the Target Company may purchase those shares during the Tender Offer Period in accordance with the procedures under the laws and regulations.

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

(6) Changes in Ownership Ratio of Shares by the Tender Offer

Number of voting rights pertaining to Shares owned by the Tender Offeror before the Tender Offer	549,911	(Ownership ratio of Shares before the Tender Offer: 51.45 %)
Number of voting rights pertaining to Shares owned by specially related parties before the Tender Offer	0	(Ownership ratio of Shares before the Tender Offer: 0.00 %)
Number of voting rights pertaining to Shares owned by the Tender Offeror after the Tender Offer	1,068,743	(Ownership ratio of Shares after the Tender Offer: 100.0 %)
Number of voting rights pertaining to Shares owned by specially related parties after the Tender Offer	0	(Ownership ratio of Shares after the Tender Offer: 0.00 %)
Number of voting rights of all shareholders of the Target Company	1,068,609	

(Note 1) The "number of voting rights pertaining to Shares owned by specially related parties before the Tender Offer" is the total number of voting rights pertaining to Shares owned by each specially related party (excluding those specially related parties who are excluded from being a specially related party under Article 3(2)(i) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers (Ministry of Finance Order No. 38 of 1990, as amended; the "Cabinet Office Order") for the purpose of calculating the ownership ratio of Shares under Article 27-2(1) of the Act). Note that Shares owned by specially related parties (excluding the treasury shares owned by the Target Company) are also targets of the Tender Offer, and therefore, the "number of voting rights pertaining to Shares owned by specially related parties after the Tender Offer" is stated to be 0. The Tender Offeror intends to check the number of Shares of the Target

Company that are owned by specially related parties from today onward and, if any amendment is required, disclose the details of the amendment.

(Note 2) The "number of voting rights of all shareholders of the Target Company" is the total number of voting rights of all shareholders as of September 30, 2022, as stated in the Target Company's second quarterly report of the165th Fiscal Term submitted by the Target Company on November 8, 2022 (one unit of shares is stated to consist of 100 shares). However, since shares in quantities of less than one unit are also subject to the Tender Offer, for the purpose of calculating the "ownership ratio of Shares before the Tender Offer" and the "ownership ratio of Shares after the Tender Offer," the number of voting rights (1,068,743 voting rights), pertaining to the number of shares (106,874,395 shares) obtained by deducting (a) the number of treasury shares owned by the Target Company as of December 31, 2022 as stated in the Target Company Financial Report (958,050 shares) from (b) the total number of issued shares of the Target Company as of December 31, 2022 as stated in the Target Company Financial Report (107,832,445 shares), was used as the denominator.

(Note 3) With regard to the "ownership ratio of Shares before the Tender Offer" and the "ownership ratio of Shares after the Tender Offer," any fraction is rounded off to two decimal places.

(7) Purchase Price 88,201 million yen

(Note) The purchase price is an amount resulting from the multiplication of the number of Shares to be purchased (51,883,220 shares) by the Tender Offer Price (1,700 yen).

(8) Settlement Method

① Name and Head Office Location of Financial Instruments Business Operator, Bank, and Any Other Institution Conducting Settlement of Purchase

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

② Commencement Date of Settlement

March 29, 2023 (Wednesday)

③ Settlement Method

Without delay following the conclusion of the Tender Offer Period, a notice of purchase through the Tender Offer will be mailed to the addresses of any person who accepts the offer to purchase or offers to sell Shares related to the Tender Offer (a "Tendering Shareholder") (the "Tendering Shareholders") (or standing proxies for shareholders who are residents of foreign countries and do not have active accounts with the tender offer agent; including corporate shareholders).

Purchase will be made by cash. A Tendering Shareholder may receive the proceeds from selling the Shares through the Tender Offer without delay on or after the commencement date of settlement in a manner designated by the Tendering Shareholder, such as through money transfer (transfer fees may apply).

④ Method of Return of Shares

If none of the Tendered Shares is purchased in accordance with the conditions described in "① Existence and Details of Conditions Set Forth in Each Item of Article 27-13, Paragraph (4) of the Act" and "② Existence of Conditions of Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosure of Withdrawal" of "(9)

Other Terms and Conditions and Methods of Purchase” below, the Shares to be returned will be returned by restoring the record in the Tendering Shareholder Account opened with the tender offer agent to the record immediately prior to the point of time they were tendered, promptly on or after the second Business Day after the last day of the Tender Offer Period (or, if the Tender Offer is withdrawn, promptly on or after the next Business Day of withdrawal). (If transferring the Shares to the Tendering Shareholder’s account opened with a different financial instruments business operator, please confirm with the head office or the domestic branch of the tender offer agent where your tender was accepted.)

*To prevent the spread of COVID-19, special measures may be in place, such as a temporary suspension of over-the-counter business. For details, please contact the head office or a domestic branch of the tender offer agent. For information regarding affected offices, special measures, etc., please see the tender offer agent’s website (https://www.nomura.co.jp/).

(9) Other Terms and Conditions and Methods of Purchase

① Existence and Details of Conditions Set Forth in Each Item of Article 27-13, Paragraph (4) of the Act

If the total number of the Tendered Shares is less than the minimum number of Shares to be purchased (16,258,425 shares), none of the Tendered Shares will be purchased. If the total number of the Tendered Shares is equal to or above the minimum number of Shares to be purchased (16,258,425 shares), all of the Tendered Shares will be purchased.

② Existence of Conditions of Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosure of Withdrawal

In the event that any of the facts set forth in Article 14, paragraph (1), item(i), (a) through (j) as well as (m) through (s), Article 14, paragraph (1), item (iii), (a) through (h) and (j), as well as Article 14, paragraph (2), item (iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the “Order”) occurs, the Tender Offer may be withdrawn. The “facts equivalent to those set forth in (a) to (i)” mentioned in Article 14, paragraph (1), item (iii), (j) of the Order means the following cases: (I) where it has been discovered that any of the statutory disclosure documents submitted by the Target Company in the past contains a false statement regarding a material matter or omits a material matter that should have been included, if the Tender Offeror is unaware of the false statement or the omission and could not become aware of the same despite having used a reasonable degree of care, and (II) where any of the events set forth in (a) to (g) of the same item has occurred to an important subsidiary of the Target Company. If the Tender Offer is intended to be withdrawn, an electronic public notice will be made, and a notice to that effect will be published in the Nikkei. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, the announcement will be made via the methods set forth in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter.

③ Existence of Conditions for Reduction in Purchase Price, Details Thereof, and Method of Disclosure of Reduction

In accordance with the provisions of Article 27-6, paragraph (1), item (i) of the Act, in the event that the Target Company engages in any of the actions set forth in Article 13, paragraph (1) of the Order during the Tender Offer Period, the purchase price may be reduced in accordance with the standards set forth in Article 19, paragraph (1) of the Cabinet Office Order. If the purchase price is intended to be reduced, an electronic public notice will be made, and a notice to that effect will be published in the Nikkei. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, the announcement will be made via the methods set forth Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the purchase price has been reduced, the Tendered Shares on or before the day on which such public notice was made will be purchased at the reduced purchase price.

④ Matters Relating to the Tendering Shareholders' Right to Contract Cancellation

A Tendering Shareholder may cancel a contract regarding the Tender Offer at any time during the Tender Offer Period. When canceling the contract, please deliver or send a document indicating the intention of canceling the contract regarding the Tender Offer (the "Cancellation Document") to the head office or the domestic branch of the agent designated below where your tender was accepted no later than 3:30 PM on the last day of the Tender Offer Period. However, if sending the Cancellation Document, the document must arrive by 3:30 PM on the last day of the Tender Offer Period.

When canceling a contract regarding your tender made through the online service, please cancel the contract via the online service (https://hometrade.nomura.co.jp/), or by delivering or sending the Cancellation Document. If canceling the contract via the online service, please follow the instructions provided on the online service screen, and complete cancellation procedures no later than 3:30 PM on the last day of the Tender Offer Period. Any contract regarding your tender made at a transaction branch cannot be cancelled via the online service. When delivering or sending the Cancellation Document, please first request a Cancellation Document from your transaction branch and then deliver or send the Cancellation Document to the transaction branch no later than 3:30 PM on the last day of the Tender Offer Period. However, if sending the Cancellation Document, the document must arrive by 3:30 PM on the last day of the Tender Offer Period.

*To prevent the spread of COVID-19, special measures may be in place, such as a temporary suspension of over-the-counter business. For details, please contact the head office or a domestic branch of the tender offer agent. For information regarding affected offices, special measures, etc., please see the tender offer agent's website (https://www.nomura.co.jp/).

Party authorized to receive the Cancellation Document

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

(Other domestic branches of Nomura Securities Co., Ltd.)

The Tender Offeror will not seek payment of damages or penalties from any Tendering Shareholder who canceled their contract. Furthermore, any expenses associated with returning the Tendered Shares will be borne by the Tender Offeror. If a Tendering Shareholder requests the cancellation of the contract, the Tender Offeror will return the Tendered Shares in the manner specified in "④ Method of Return of Shares" of "(8) Settlement Method" above promptly after the completion of the procedure for the request of contract cancellation.

⑤ Method of Disclosure Where Terms and Conditions of Purchase are Changed

Unless prohibited in Article 27-6, paragraph (1) of the Act and Article 13, paragraph (2) of the Order, the Tender Offeror may change the terms and conditions of purchase during the Tender Offer Period. If the purchase conditions are intended to be changed, an electronic public notice will be made regarding such changes, and a notice to that effect will be published in the Nikkei. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, the announcement will be made via the methods set forth in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the purchase conditions have been changed, the Tendered Shares on or before the day on which such public notice was made will be purchased on the changed purchase conditions.

⑥ Method of Disclosure Where an Amended Statement is Submitted

If an amended statement is submitted to the Director-General of the Kanto Local Finance Bureau (excluding cases set forth in the proviso to Article 27-8, paragraph (11) of the Act), the details recorded in the amended statement relating to the details recorded in the public notice announcing the commencement of the Tender Offer will be publicly announced via the methods set forth in Article 20 of the Cabinet Office Order immediately. Furthermore, the tender offer explanation will be immediately amended, and the Tendering Shareholders who have already received a before-amendment version of the tender offer explanation will be provided with an amended version. However, if the scope of amendment is small, a document containing the reasons for amendment, the amended items, and the content following the amendment will be prepared, and the document will be delivered to the Tendering Shareholders for the purpose of amending the previously provided explanation.

⑦ Method of Disclosure of the Results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period via the methods set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order.

(10) Date of Public Notice Announcing the Commencement of the Tender Offer

February 3, 2023 (Friday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

3. Post-Tender Offer Policies and Future Outlook

(1) Post-Tender Offer Policies

For information regarding post-Tender Offer policies, please see "(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy," "(4) Policies Regarding Reorganization After the Tender Offer (Matters Regarding the So-Called Two-Stage Purchase)" and "(5) Prospect of Delisting and Reasons Therefor" of "1. Purpose of the Purchase" above.

(2) Future Outlook

Any facts concerning the impact of the Tender Offer on the Tender Offeror's performance that should be disclosed will be promptly disclosed if they arise.

4. Other Matters

(1) Existence and Details of Agreements Between the Tender Offeror and the Target Company or its Officers

① Support for the Tender Offer

According to the Target Company Press Release, the Target Company resolved at its Board of Directors meeting held today, to express an opinion in support of the Tender Offer and recommend that the Target Company's shareholders tender Shares in the Tender Offer. For further details of the decision-making by the Target Company, please see the Target Company Press Release and "(vii) Approval of All Directors of the Target Company and Opinion of Audit and Supervisory Board Members of the Target Company That They Have No Objections" under "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" under "② Background to Calculation" under "(4) Grounds for Calculation of Purchase Price" under "2. Overview of the Purchase" above.

② Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

Please see "(2) Background, Purpose, and Decision-Making Process of the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" above.

③ Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

Please see "(Measures to Ensure the Fairness of the Tender Offer, Such as the Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" of "② Background to Calculation" of "(4) Grounds for Calculation of Purchase Price" of "2. Overview of the Tender Offer " above.

(2) Other Information Necessary for the Investors to Decide on Whether to Tender in the Tender Offer

① Publication of the "Consolidated Financial Report (Japanese Standards) for the Nine Months Ended December 31, 2022"

The Target Company published the Target Company Financial Report on January 31, 2023. For details, please see that report.

② Publication of "Announcement Regarding Revision of Term-End Dividend Forecast for the Year Ending March 2023 (Non-dividend Distribution)"

The Target Company resolved at its Board of Directors meeting held on February 2, 2023 to not pay a year-end dividend for the fiscal year ending March 31, 2023 on the condition of completion of the Tender Offer. For details, please see the "Announcement Regarding Revision of Term-End Dividend Forecast for the Year Ending March 2023 (Non-dividend Distribution)" published by the Target Company on February 2, 2023.

End

[Soliciting Regulations]

This press release is intended to announce the Tender Offer to the general public and is not intended to solicit an offer to sell any securities including share certificates, etc. If a shareholder wishes to tender his or her shares, each shareholder is requested to exercise his/her own judgment after carefully reading the explanatory statement concerning the Tender Offer. This press release is not, and does not constitute any part of, an offer or solicitation of sales, or a solicitation of purchase offer, of securities. This press release (or any part of it) or the fact of its distribution does not provide a basis for any agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

[Forward-Looking Statements]

This press release and its reference materials contain forward-looking statements concerning the outlook for business development based on the views of the Tender Offeror's management in case the Tender Offeror has acquired the Target Company Stock. This information, including the information concerning the future business of the Tender Offeror, other companies, etc., may include forward-looking expressions such as "look for," "expect," "aim at," "schedule," "convinced of," "predict," "intend," "plan," "believe," and "anticipate." Such statements are based on the Tender Offeror's current projections regarding future businesses and the actual results could differ significantly from these forward-looking statements due to many factors. The Tender Offeror, the Target Company or their affiliates assume no obligation to update or modify these forward-looking statements in order to reflect any events or circumstances in the future.

[Regulations of the United States]

The Tender Offer is to be conducted in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act of Japan. However, such procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended (hereinafter the same), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards.

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

This press release and its reference materials contain "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the projections, etc. as expressly or implicitly indicated in any "forward-looking statements." None of the Tender Offeror, the Target Company or their affiliates gives any assurance that such projections, etc. expressly or implicitly indicated in any "forward-looking statements" will result in being correct. The "forward-looking statements" in this press release and its reference materials have been prepared based on the information held by the Tender Offeror and the Target Company as of the date of this press release and its reference materials, and unless otherwise required by applicable laws and regulations, none of the Tender Offeror, the Target Company or their affiliates is obligated to update or modify such statements in order to reflect any events or circumstances in the future. The financial statements contained in this press release and its reference materials have been prepared based on the Japanese accounting standards, which may substantially differ from the U.S. accounting standards or those of other countries. Moreover, as the Tender Offeror and the Target Company are companies incorporated outside the U.S. and all or some of their directors are non-U.S. residents, it may be difficult to enforce any rights or claims arising under the U.S. federal securities laws. In addition, it may not be possible to commence legal actions against a non-U.S. company or its directors in a non-U.S. court on the grounds of a violation of the U.S. securities laws. Furthermore, a company incorporated outside the U.S. and its subsidiaries and affiliates may not necessarily be compelled to submit to the jurisdiction of U.S. courts.

The Tender Offeror, its affiliates, the financial advisors to the Tender Offeror and the Target Company, and the Tender Offer Agent, including their affiliates, may, within their ordinary course of business and to the extent permitted under the related Japanese financial instruments and exchange laws and regulations and other applicable laws and regulations, purchase or take actions to purchase the Target Company Stock listed on the Prime Market of the Tokyo Stock Exchange for their own account or for their customers' accounts outside the Tender Offer before the commencement of, or during, the Tender Offer Period in accordance with the requirements under Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. The purchase may be conducted at market prices through market transactions or at prices negotiated outside the market. If any information concerning such purchase is disclosed in Japan, disclosure of such information will also be made in the English language on the website (or by another disclosure method) of the party conducting such purchase or its affiliate.

[Other Countries]

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, please note and comply with such restrictions. Regardless of whether this press release is received in any such countries or regions where the implementation of the Tender Offer is unlawful, this press release does not constitute any solicitation of an offer to sell or offer to purchase securities including share certificates concerning the Tender Offer, and is being distributed merely for informational materials.