

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



March 28, 2025

To whom it may concern:

Company Name: Topcon Corporation
Representative: Takashi Eto, President and CEO
(Securities Code: 7732, Prime Market of the Tokyo Stock Exchange)
Contact: Haruhiko Akiyama, Director
Senior Managing Executive Officer
General Manager,
Accounting & Finance Div.
General Manager
TEL 03-(3558)-2532

Notice Concerning the Supporting Opinion and Tender Recommendation Opinion for the Planned Commencement of the Tender Offer for Company Share Certificates by TK Co., Ltd. as part of the implementation of MBO, and capital participation by KKR Japan and JIC Capital, Ltd.

Topcon Corporation (the “**Company**”) hereby announces that, as stated below, regarding the tender offer (the “**Tender Offer**”) based on the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent revisions) (the “**Act**”) and related laws and regulations for the common shares of the Company (the “**Company Shares**”), the Share Options (as defined in “2. Price of tender offer” below) and the ADRs (as defined in “2. Price of tender offer” below, and the Company Shares, the Share Options and the ADRs are hereinafter collectively referred to as the “**Company Share Certificates**”) by TK Co., Ltd. (the “**Tender Offeror**”) as part of the implementation of a so-called Management Buyout (MBO) (Note 1), the Company resolved at its board of directors meeting held today, as its current opinion, to express its opinion in support of the Tender Offer and recommend that the Company’s shareholders and the holders of the Share Options (the “**Share Option Holders**”) tender their shares and options in the Tender Offer and that the holders of the ADRs (the “**ADR Holders**”) deliver their ADRs to the depositary bank in advance and receive the Company Shares related to the ADSs represented by the ADRs and tender the ADSs in the Tender Offer, if the Tender Offer commences. Furthermore, the above resolution of the board of directors of the

Company was passed on the assumption that the Tender Offeror intends to purchase all of the Company Share Certificates through the Transaction (as defined in “(I) Outline of the Tender Offer” in “(2) Grounds and reasons for the opinion” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer”) as described in (“(4) Expected delisting and reasons therefor” and “(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” below) including the Tender Offer and that the Company Shares will be delisted.

(Note 1) “Management Buyout (MBO)” generally refers to a tender offer in which the tender offeror is an officer of the target company (including a tender offer in which the offeror conducts a tender offer at the request of an officer of the target company and has common interests with the officer). (Securities Listing Regulations, Rule 441)

According to the “Notice Regarding the Planned Commencement of Tender Offer by TK Co., Ltd. for the Shares of Topcon Corporation (Securities Code: 7732) as part of the MBO Implementation and Capital Participation by KKR and JICC” (the “**Tender Offeror Press Release**”) released today by the Tender Offeror, With respect to the Tender Offer, as completing the procedures and responses necessary under domestic and overseas laws and regulations pertaining to competition (Japan, the United States, the European Union, Vietnam, Morocco, Taiwan, Turkey, Albania, Egypt, Germany, Ukraine, United Arab Emirates, Brazil, Australia and Austria) and inward direct investment (Japan, United States, Australia, Austria, Belgium, France, Germany, Italy, Spain, Canada and United Kingdom) (the “**Clearance Procedures**”; and with respect to the Clearance Procedures, the expiration of a statutory waiting period, if any, and the obtaining of a decision from a judicial or administrative agency required, the “**Clearance**”), will require a certain period of time, it is planned that the Tender Offer will commence on the date separately agreed upon by the parties to the Tender Offer Agreement (as defined below), that is within 10 business days of the satisfaction or waiver of conditions precedent, such as the completion of such procedures and responses (“**Conditions Precedent**”) (Note 2) (limited to waivers permitted by laws and regulations, and waiver of Conditions Precedent (1), (2) (limited to the Supporting Opinion and Supporting Report) and (8) will require the consent of the Company) pursuant to the tender offer agreement entered into by the Tender Offeror, Tender Offeror Parent Company (as defined in “(I) Outline of the Tender Offer” in “(2) Grounds and reasons for the opinion” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” below) and KKR Fund (as defined in “(I) Outline of the Tender Offer” in “(2) Grounds and reasons for the opinion” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” below) with the Company as of today (“**Tender Offer Agreement**”).

As of today, the Tender Offeror aims to commence the Tender Offer around the end of July 2025, considering discussions with local law firms regarding such procedures. However, as it is difficult to make an accurate prediction concerning the period required for procedures with the domestic and overseas competition authorities and authorities with jurisdiction over inward direct investment, details about the schedule of the Tender Offer will be announced promptly, as soon as

they are determined. In addition, if there are any changes to the expected timing of commencement of the Tender Offer, they will be announced promptly. Furthermore, as of today, there are no Clearance Procedures for which prior notification has been completed. In addition, as described in “(i) Business Environment Surrounding the Company, etc.” in “(II) Background, Purpose, and decision-making process leading to the decision by the Tender Offer to conduct the Tender Offer, and management policy after the Tender Offer” in “(2) Grounds and reasons for the opinions” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” below, the Company Group (as defined in “(i) Business Environment Surrounding the Company, etc.” in “(II) Background, Purpose, and decision-making process leading to the decision by the Tender Offer to conduct the Tender Offer, and management policy after the Tender Offer” in “(2) Grounds and reasons for the opinions” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” below) designs, manufactures and sells optical and device products for the space and defense industries. In the interests of Japan’s national security, and for the purpose of restricting investment in the Company by foreign investors, the Company’s space and defense business is classified among the designated sectors under the Foreign Exchange and Foreign Trade Act requiring prior notification (i.e., sectors subject to regulation for inward direct investment where there is a risk of undermining national security, disrupting public order, or hindering the protection of public safety). Therefore, it is expected that a considerable amount of time to obtain Clearance under the Foreign Exchange and Foreign Trade Act will be required.

Therefore, the Company resolved at the aforementioned board of directors meeting to request the Strategic Special Committee (as defined in “(ii) Discussions between the Tender Offeror and the Company and decision-making process by the Tender Offeror, etc.”, “(II) Background, purpose, and decision-making process leading to the decision by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer” in “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” below) established by the Company in relation to the Tender Offer to consider at the time the Tender Offer commences whether or not the opinion expressed in the report submitted by the Strategic Special Committee to the board of directors of the Company as of today has changed, and to report to the board of directors of the Company to that effect if the previous opinion has not changed, or to provide a revised opinion if it has changed, and to express its opinion on the Tender Offer anew based on the Strategic Special Committee’s opinion at the time the Tender Offer commences.

(Note 2) It is planned that the Tender Offer will commence promptly once the following Conditions Precedent are satisfied or waived:

- (1) the Company’s board of directors has adopted a resolution expressing its opinion in support of the Tender Offer (“**Supporting Opinion**”), and its opinion recommending that the Company shareholders and Seventh Series Share Option holders tender in the Tender Offer (“**Tender Recommendation Opinion**”), and the contents of which have been published by the Company, and not been changed or withdrawn;
- (2) the Strategic Special Committee established for the Transaction (as defined in “(ii) Discussion Between the Tender Offeror and the Company, and the Process of Decision-making by the Tender Offeror, etc.” in “(II) Background, purpose, and

decision-making process leading to the decision by the Tender Offer and management policy after the Tender Offer” in “(2) Grounds and reasons for opinions” below; the same shall apply hereinafter) established in connection with the Transaction (as defined in “(1) Outline of the Tender Offer” in “1. Purpose of the Purchase” below; the same shall apply hereinafter) has reported to the board of directors of the Company that it is appropriate to express the Supporting Opinion (“**Supporting Report**”) and the Tender Recommendation Opinion (“**Tender Recommendation Report**”), and that report has not been changed or withdrawn;

- (3) there are no lawsuits pending before judicial or administrative authorities seeking to restrict or prohibit the Transaction, and no judgements have been made by a judicial or administrative authority restricting or prohibiting any of the Transactions, and there are no specific risks of the foregoing;
 - (4) all of the representations and warranties of the Company set forth in the Tender Offer Agreement (Note 3) are true and accurate in material respects;
 - (5) obligations to be performed or complied with by the Company by the commencement date of the Tender Offer under the Tender Offer Agreement (Note 4) have been performed or complied with in all material respects;
 - (6) no circumstances have arisen that would permit the withdrawal of the Tender Offer under Tender Offer Agreement (Note 5);
 - (7) there are no material facts (those set forth in Article 166, paragraph (2) of the Act) concerning the business or other particulars related to the Company that have not been disclosed (having the meaning set forth in paragraph (4) of the same article) by the Company or facts concerning the implementation and cancellation (having the meaning set forth in Article 167, paragraph (2) of the Act) of a tender offer, etc. for the shares, etc. of the Company that have not been disclosed (having the meaning in paragraph (4) of the same article); and
 - (8) acquisition of all Clearance has been completed (Note 6);
- (Note 3) For details of the representations and warranties of Company under the Tender Offer Agreement, please refer to “(I) Tender Offer Agreement” in “4. Details of material agreements between the Tender Offeror and the Company’s shareholders, directors, etc. concerning tendering in the Tender Offer” below.
- (Note 4) For details of the obligations of the Company under the Tender offer Agreement to be performed or complied with by the commencement date of the Tender Offer, please refer to “(I) Tender Offer Agreement” in “4. Details of material agreements between the Tender Offeror and the Company’s shareholders, directors, etc. concerning tendering in the Tender Offer” below.
- (Note 5) The circumstances that would permit the withdrawal of the Tender Offer under the Tender Offer Agreement are a material change in the business or assets of the Company or its subsidiaries as set forth in the proviso of Article 27-11, Paragraph 1 of the Act or other circumstances that would seriously impede the achievement of the purpose of a tender offer (limited to the occurrence of any of the matters set forth in Article 14, paragraph (1), item (i) (a) through (i) as well as (l) through (r) of the Order, the matters set forth in Article 14, paragraph (1) item (iii), (a) through

(h) and (j) of the Order (refers to (i) where it was discovered that any of the statutory disclosure documents submitted by the Company in the past contained a false statement regarding a material matter or omitted a material matter that should have been included, where the Tender Offeror is unaware of the false statement or omission and could not become aware of the same despite having used a reasonable degree of care, and (ii) the occurrence of any of the matters set forth in (a) through (g) of the same item with respect to an important subsidiary of the Company) and the matters set forth in Article 14, paragraph (2), items (iii) through (vi) of the Order, excluding the circumstances contemplated in the Tender Offer Agreement).

(Note 6) The Tender Offeror, considering legal advice from local law firms, will carry out the procedures and responses necessary under domestic and overseas laws and regulations pertaining to competition (Japan, the United States, the European Union, Vietnam, Morocco, Taiwan, Turkey Albania, Egypt, Germany, Ukraine, United Arab Emirates, Brazil, Australia and Austria), and inward direct investment (Japan United States, Australia, Austria, Belgium, France, Germany, Italy, Spain Canada and United Kingdom) required towards obtaining Clearance. The Tender Offeror plans to enter into discussions with domestic and overseas competition authorities, as well as authorities with jurisdiction over inward direct investment from today onwards, in order to implement such procedures and responses.

1. Outline of Tender Offeror

(1) Name	TK Co., Ltd.
(2) Address	11th Floor, Meiji Yasuda Life Insurance Building, 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan.
(3) Name and Title of Representative	Burke Malek Representative Director
(4) Description of Business	Commerce and all businesses related to it
(5) Capital	5,000 yen
(6) Date of Incorporation	March 25, 2025
(7) Major Shareholders and Shareholding Ratios	TK Holdings Co., Ltd.
(8) Relationship between the Company and the Tender Offeror	

Capital Relationship	Not applicable.
Personnel Relationship	Not applicable.
Business Relationship	Not applicable.
Status as Related Party	Not applicable.

2. Price of tender offer

- (1) JPY 3,300 per common share of the Company (the “**Tender Offer Price**”)
- (2) JPY 193,400 per right for the Seventh Series Share Options issued based on a resolution of the board of directors held on June 25, 2021 (the “**Share Options**”) (exercise period from April 1, 2024 to March 31, 2029) (the “**Share Options Tender Offer Price**”)
- (3) JPY 3,300 per Company Share related to the American Depositary Shares (“**ADSs**”) deposited at Citibank, N.A. (“**the Depositary Bank**”) and represented by American Depositary Receipts (“**ADRs**”) issued in the United States by the Depositary Bank

(Note 1) According to the registration statement related to the ADRs (Form F-6EF) (the “**Registration Statement for the ADRs**”) filed by the Depositary Bank with the U.S. Securities and Exchange Commission on June 22, 2022, although the ADRs relating to the Company Shares are issued, the Company is not involved in the issuance of the ADRs. As the Tender Offeror aims to acquire all of the Company Shares, the Tender Offeror is required to solicit sales of all share certificates, etc. issued by the Company in accordance with Article 27-2, Paragraph 5 of the Act and Article 8, Paragraph 5, Item 3 of the Financial Instruments and Exchange Law Enforcement Order (Cabinet Order No. 321 of 1965, as amended) (the “**Order**”), and therefore the Tender Offeror has included the ADRs in the types of share certificates, etc. to be purchased, etc. On the other hand, as the ADRs are securities issued in the United States, it has been found that it is difficult for the Tender Offeror to acquire the ADRs themselves in the Tender Offer because, in practice, there are no financial instruments business operators, etc. that can handle them as the tender offer agent when the Tender Offeror, who is a resident of Japan, acquires them in the Tender Offer, which is being conducted outside the United States. Therefore, the Tender Offer will only accept applications for the Company Shares and Share Options, and will not accept applications for the ADRs themselves, but will accept applications for the Company Shares related to the ADSs represented by the ADRs. Accordingly, ADRs holders who wish to tender their in the Tender Offer should first deliver their ADRs to the Depositary Bank and receive the Company Shares related to the ADSs represented by the ADRs before tendering their shares. According to the Registration Statement for the ADRs, one ADR is equivalent to one Company

Share.

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

(1) Details of the opinion

The Company resolved at its board of directors meeting held today, based on the rationale and reasons stated in “(2) Grounds and reasons for the opinion” below, as its current opinion, to express its opinion in support of the Tender Offer and recommend that the Company’s shareholders and Share Option Holders tender their shares and options in the Tender Offer and that the ADRs Holders deliver their ADRs to the depositary bank in advance and receive the Company Shares related to the ADSs represented by the ADRs and tender the shares in the Tender Offer Company Share Certificates in the Tender Offer, if the Tender Offer commences. The above resolution of the board of directors was resolved in the manner described in “(VII) Approval of disinterested directors of the Company and opinion of all auditors of the Company that they had no objection” in “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below.

The Tender Offeror plans to promptly commence the Tender Offer when the Conditions Precedent are completely satisfied or waived. As of today, the Tender Offeror aims to commence the Tender Offer around end of July 2025, but since it is difficult to accurately estimate the period required for the procedures involving the relevant domestic and foreign competition authorities and authorities in charge of inward direct investment, the detailed schedule for the Tender Offer will be promptly announced as soon as it is determined. As of today, there are no prior notifications for this clearance procedure. In addition, as stated in “(i) The business environment surrounding the Company” of “(II) Background, purpose, and decision-making process leading to the decision by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer” in “(2) Grounds and reasons for the opinion”, the Company group designs, manufactures and sells optical and device products for the space and defense industries, and the Company’s space and defense business is designated as a designated industry (an industry related to inward direct investment, etc. that may impair national security, impede the maintenance of public order, or hinder the protection of public safety) that requires prior notification for the purpose of restricting investment in the Company by foreign investors from the perspective of national security of Japan, and it is expected that it will take a reasonable amount of time to obtain this clearance under the Foreign Exchange and Foreign Trade Act of Japan.

Therefore, the Company resolved at the aforementioned board of directors meeting, to request the Strategic Special Committee to consider at the time the Tender Offer commences whether or not the opinion expressed in the report submitted by the Strategic Special Committee to the board of directors of the Company as of today has changed, and to report to the board of directors of the Company to that effect if the previous opinion on the report has not changed, or to provide a revised

opinion if it has changed, and to express its opinion on the Tender Offer anew based on the Strategic Special Committee's opinion at the time the Tender Offer commences.

(2) Grounds and reasons for the opinion

The statements regarding the Tender Offeror in this “(2) Grounds and reasons for the opinion” are based on the explanations received from the Tender Offeror.

(I) Outline of the Tender Offer

The Tender Offeror is a stock company established on March 25, 2025, the principal business of which is to acquire and own the Company Securities through the Tender Offer, and to control and manage the business activities of the Company after the completion of the Tender Offer. As of today, all of its issued shares are owned by TK Holdings Co., Ltd. (“**Tender Offeror Parent Company**”), a stock company established on March 26, 2025. In addition, as of today, TK Investment L.P. (“**KKR Fund**”), a limited partnership established under the laws of Ontario, Canada on March 7, 2025, which is indirectly operated by Kohlberg Kravis Roberts & Co. L.P. (including affiliates and related funds; “**KKR**”), an investment advisory firm established under the laws of Delaware, U.S., owns all of the issued shares of the Tender Offeror Parent Company. The Tender Offeror, the Tender Offeror Parent Company, KKR and the KKR Fund do not own Company Shares as of today.

KKR is an international investment company that was established in 1976, which has approximately 601 billion dollars in assets under management throughout the world, including private equity investments; the shares of KKR are listed on the New York Stock Exchange. KKR has an investment philosophy that focuses on investing with a long-term perspective based on partnerships with management. As a partner to companies and their management with excellent business foundations and potential, KKR aims to create a leading company in the industry by utilizing the various management resources, knowledge, and networks of KKR.

Since the opening of its Tokyo office in 2006, KKR has been expanding its investment activities in the Japanese market actively; it is operated by employees who are well aware of commercial business practices in Japan and have a range of backgrounds. In particular, with respect to tender offers, it is considered that KKR leverages the strengths of its global network and has leading operational experience as a private equity fund in Japan, for example, having achieved tender offers for FUJI SOFT INCORPORATED (total purchase amount: 601.5 billion yen), announced in 2024 and the largest M&A deal ever in the Japanese IT services sector, Hitachi Transport System, Ltd. (currently LOGISTEED, Ltd.) in 2022 (the largest M&A transaction in Japan in 2022) (total purchase amount: 449.2 billion yen), Calsonic Kansei Corporation (currently Marelli Corporation) (total purchase amount: 345.5 billion yen), Hitachi Koki Co., Ltd. (currently Koki Holdings Co., Ltd.) (total purchase amount: 88.2 billion yen) and Hitachi Kokusai Electric Inc. (currently KOKUSAI ELECTRIC CORPORATION; “**KE**”) (total purchase amount: 143.9 billion yen) in 2017. In particular, with respect to KE, after a corporate split following its delisting, in partnership with KKR, as a specialized manufacturer of semiconductor manufacturing

equipment, KE deals in the manufacture and sale of coating equipment and treatment equipment for front-end processes, and has established a rock-solid management base, for example, by having the No. 1 worldwide share in the batch ALD equipment field (2023) (Source: “TI_ALD Tools_Yearly” by TechInsights Inc. (VLSI) in April 2024). Thereafter, considering not only the recovery in the semiconductor cycle, but also that the market environment in which the demand for coating/treatment technology of which KE takes advantage is expected to continue to increase, given an industry environment in which semiconductor devices become smaller and more complex at an accelerating rate, KE achieved re-listing of its shares on the Prime Market of the TSE in October 2023. The support provided to KE is believed to be precisely an example of KKR’s aspiration to “create a leading company in the industry by utilizing the various management resources, knowledge and networks of KKR.”

KKR has positioned the healthcare sector, including eye care, which is related to the Company’s business, as a key investment area, and it is believed that it has extensive experience, knowledge and networks globally. KKR has invested in companies that have business relationships with the Company or where future synergies are expected, including in April 2024, Nexteye, an eye care and hearing care service company that sells eyeglasses and hearing aids in Europe; in January 2024, Medical Sigon Group, Vietnam’s largest eye clinic chain; in May 2021, Lenskart, India’s largest omnichannel (Note 1) eyewear company; and in February 2014, National Vision, the largest eyeglass and contact lens retail chain in the United States. In addition, KKR also owns the Healthcare Strategic Growth Fund, which makes growth investments in the healthcare sector, and also makes growth investments in start-ups in the ophthalmology field. In February 2019, KKR launched Falcon Vision, an investment platform specializing in the ophthalmology field, and has made investments in more than six start-ups to date. In terms of manufacturing industry investments, KKR also has investment experience in companies such as CICOR International in 2023, a United States manufacturer of flow control products, and GeoStabalization in 2018, a United States ground maintenance management services company.

In addition, starting with its 2010 investment in Intelligence, Ltd., which provides comprehensive human resources services, in 2014, KKR supported Panasonic Healthcare Co., Ltd. (“**PHC**”) in achieving independence from Panasonic Corporation, in 2015, KKR invested in the DJ equipment business (currently, Pioneer DJ Corporation), a division of Pioneer Corporation, in 2016, PHC acquired the diabetes care business of Bayer Aktiengesellschaft and its subsidiary, Bayer Healthcare, and in 2019, KKR acquired the anatomical pathology business (currently EpreDia) of Thermo Fisher Scientific, Inc. and acquired LSI Medience Corporation, a major Japanese clinical laboratory under the umbrella of Mitsubishi Chemical Holdings Corporation. In 2021, KKR acquired Seiyu Co., Ltd., a major supermarket company under the umbrella of Walmart Inc, and in 2022 it acquired Yayoi Co., Ltd., a company that provides business software. Thus, by expanding its investment activities in the Japanese market and leveraging its global knowledge best practices and network to promote both organic (i.e., a method using existing management resources) and inorganic (i.e., via an alliance with another company, acquisition of another company, or other means) growth strategies, as well as promoting improvement of profitability and business efficiency, KKR is working to support business growth and enhance the corporate value of its investee companies.

(Note 1) “Omnichannel” refers to a marketing technique that combines and links all customer touchpoints, including physical and online, such as e-commerce, to promote sales.

Subject to the satisfaction or waiver of all of the Conditions Precedent, the Tender Offeror has decided as of today to implement the Tender Offer in which the Tender Offeror is made the sole shareholder of the Company, as part of a series of transactions aimed at delisting the Company Shares listed on the TSE’s Prime Market (“**Transaction**”), to which all of the Company Shares (including the Company Shares to be delivered upon the exercise of the Share Options, excluding the treasury shares held by the Company; the same shall apply hereinafter), all of the Share Options and the Company Shares related to the ADSs represented by the ADRs are subject. The Transaction constitutes a so-called Management Buyout (MBO)

In connection with the Tender Offer, KKR Fund has entered into an agreement with Takashi Eto, President & CEO of the Company (“**Mr. Eto**”) since March 26, 2025, regarding the main terms of a management services agreement which provides for the management of the Company after the Transaction (“**Agreement (Mr. Eto)**”). For an overview of the Agreement (Mr. Eto), please refer to “(III) Agreement (Mr. Eto)” in “4. Details of material agreements between the Tender Offeror and the Company's shareholders, directors, etc. concerning tendering in the Tender Offer” below. In addition, KKR Fund has confirmed that Mr. Eto intends to tender all of his Company Shares in the Tender Offer and has reached an agreement with Mr. Eto that Mr. Eto will subscribe for shares of the Tender Offeror Parent Company and reinvest a portion of the consideration received for tendering in the Tender Offer in the Tender Offeror Parent Company (“**Reinvestment**”). However, the specific terms, timing and other details of the Reinvestment have not yet been determined (Note 2) (Note 3).

In addition, KKR Fund has reached an agreement with JIC Capital, Ltd. (“**JICC**”) that JICC shall make capital contributions of 95 billion yen, by directly or indirectly subscribing to Class A Preferred Shares and Class B Preferred Shares of the Tender Offeror Parent Company through the funds JICC manages and operates, respectively, all of which are to be made on or after the business day following the completion of the Tender Offer and by the business day before the commencement of settlement of the Tender Offer (“**Investment**”) (Note 4) (Note 5), and received an equity commitment letter from JICC for the Investment dated March 28, 2025 (“**ECL (JICC)**”). In addition, KKR has entered into an agreement with JICC as of today, which provides for the terms of the investment, an overview of the Class A Preferred Shares and Class B Preferred Shares, the management of the Tender Offeror Parent Company, the Tender Offeror and the Company after the Transaction, and the main terms of the shareholders agreement that stipulates the handling of the Tender Offeror Parent Company shares (“**Agreement (JICC)**”). The reason for the Investment being made in Class A Preferred Shares and Class B Preferred Shares rather than common shares is that, in order to support the growth of the Company's business from a long-term perspective while providing the necessary quantitative and credit enhancements, it was necessary to design the Investment differently from the common share investments made by private funds based on a general time axis and return. The reason that the Investment uses Class A Preferred Shares and Class B Preferred Shares rather than common shares is that in order to

support the growth of the Company's business from a long-term perspective while also providing the necessary financial and credit support, it was necessary to design a structure based on a different time axis and return than that of an investment using ordinary stock by a private fund, in order to meet the purpose of the Investment. For an overview of the Agreement (JICC), please refer to “(II) Agreement (JICC)” in “4. Details of material agreements between the Tender Offeror and the Company's shareholders, directors, etc. concerning tendering in the tender offer” below. Furthermore, on March 17, 2025, KKR Fund entered into a confidentiality agreement with KKR and the Company's shareholder, ValueAct Japan Master Fund, L.P. (number of shares: 9,754,700, Ownership Ratio: 9.25%) and ValueAct Strategic Master Fund II, L.P. (number of shares: 5,671,100, Ownership Ratio: 5.37%) (collectively referred to as “VAC”). KKR Fund has commenced discussions with VAC regarding the tendering or non-tendering of VAC's Company Shares (number of shares: 15,425,800, Ownership Ratio: 14.62%) to the Tender Offer and/or reinvesting or non re-investing in KKR Fund, etc., and the method thereof, etc., and as of today, these discussions are ongoing.

- (Note 2) The valuation of the Company Shares, which is the basis for determining the price per share for the Tender Offeror Parent Company shares in the Reinvestment, is planned to be set at 3,300 yen, which is the same as the Tender Offer Price, so as not to conflict with the purpose of the tender offer price uniformity rule (Article 27-2, Paragraph 3 of the Act) (however, a formal adjustment is planned to be made based on the consolidation ratio of the Company Shares in the Share Consolidation (as defined in “(II) Share Consolidation” in “(5) Policy on Post-Tender Offer Organizational Restructuring, Etc. (Matters Relating to the Two-Step Acquisition)” below; the same shall apply hereinafter) to be implemented as part of the Squeeze-out Procedure (as defined below; the same shall apply hereinafter)). The issuance of shares at a valuation lower than this amount, that is, at a price lower than the Tender Offer Price, is not planned.
- (Note 3) The reason that Mr. Eto will make the Reinvestment in the Tender Offeror Parent Company is that after the Transaction, it is expected that Mr. Eto will, as President & CEO of the Company, continue to lead the overall management of the Company Group towards its long-term growth, while playing a responsible role in formulating and promoting the management policies of the Company, its capital policies and overseas strategies, as well as deepening cooperation and business relationships with key business partners. It is intended that, even after the Transaction, Mr. Eto in such position will have a shared incentive to increase the corporate value of the Company. Given that the Reinvestment by Mr. Eto was considered independently of whether Mr. Eto would tender in the Tender Offer, it is considered that this does not conflict with the purpose of the tender offer price uniformity rule (Article 27-2, Paragraph 3 of the Act).
- (Note 4) The valuation of the Company Shares, which is the basis for determining the price per share for the Class A Preferred Shares and the Class B Preferred Shares of the Tender Offeror Parent Company in the Investment, is planned to be set at 3,300 yen, which is the same as the Tender Offer Price, so as not to conflict with the purpose of the tender offer price uniformity rule (Article 27-2, Paragraph 3 of the Act) (however, a formal adjustment is planned to be made based on the consolidation

ratio of the Company Shares in the Share Consolidation to be implemented as part of the Squeeze-out Procedure). The issuance of shares at a valuation lower than this amount, that is, at a price lower than the Tender Offer Price, is not planned.

- (Note 5) The reason that JICC will make the Investment in the Tender Offeror Parent Company is that JICC will provide continued support for the business of the Company in order to promote the sustainable development of the Company's business, and enhance its long-term corporate value, and realize the medium- to long-term growth strategy of the Company.

In the Tender Offer, the Tender Offeror has set 52,861,561 shares (Ownership Ratio (Note 6): 50.10%) as the minimum number of shares to be purchased, and if the total number of the shares, etc. tendered in the Tender Offer ("**Tendered Securities**") is less than the minimum number of shares to be purchased (52,861,561 shares), the Tender Offeror will not purchase any of the Tendered Securities. On the other hand, as the Tender Offeror aims to take the Company private by acquiring all of the Company Shares, all of the Share Options and all of the ADRs, the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, and if the total number of Tendered Securities equals to or exceeds the minimum number of shares to be purchased, which is 52,861,561 shares, the Tender Offeror will purchase all of the Tendered Securities.

With respect to the reason for setting the minimum number of shares to be purchased at 52,861,561 shares, the "Fair M&A Guidelines", formulated by the Ministry of Economy, Trade and Industry on June 28, 2019, state that "in recent years, especially in Japan's capital market trends, the scale of passive index management funds (Note 7) has been expanding, and some investors do not, in principle, tender their shares in a tender offer regardless of the suitability of the transaction conditions." As indicated in the guidelines, the Tender Offeror has confirmed that there are some passive index management funds that own the Company Shares that will not tender their shares in a tender offer, in principle, regardless of the suitability of the terms of the tender offer, but intend to vote in favor of the proposal on the share consolidation at the general shareholders meeting in the subsequent squeeze-out procedure, and against this background there have been several cases of take-private deals where the number of shares held by passive index funds have been deducted from the minimum number of shares to be purchased, and among these, several cases where share consolidation proposals were passed at the shareholders meeting for the squeeze-out procedure despite the voting rights ownership ratio of the tender offeror being less than two-thirds after the completion of the tender offer. For this reason, in the Transaction, if the number of voting rights representing the total number of Company Shares to be acquired through the Tender Offer and the number of Restricted Shares held by the Company's directors (excluding Director Takayuki Yamazaki, who expressed an opinion against the resolution to express an opinion in support of the Tender Offer on the premise of delisting the Company's shares at the Company's board of directors meeting held today) (Note 8) (94,800 shares) can be added to the number of voting rights representing the total number of Company Shares held by passive index management funds to amount to more than two-thirds of the total voting rights of all shareholders of the Company, the Tender Offeror believes that it is highly likely that the proposal for the Share Consolidation will be approved at the Extraordinary General Shareholders Meeting (as defined in "(5) Policy for organizational restructuring after the Tender Offer (matters

relating to a so-called Two-Step Acquisition)” below), and this will increase the certainty of the completion of the Tender Offer, while reducing the possibility that the proposal for the Share Consolidation will not be approved at the Extraordinary General Shareholders Meeting after the completion of the Tender Offer. In addition, the Tender Offeror reviewed a survey conducted by the Company to identify institutional investors among the shareholders of the Company as of February 10, 2025, which was shared with the Tender Offeror on March 3, 2025, and even if limited to domestic passive index funds, the Tender Offeror is aware that at that time a total of 14,963,800 Company Shares (Ownership Ratio: 14.18%) are held by passive index management funds. As a result, the Tender Offeror believes that the Company Shares held by the Company shareholders who will decide whether or not to tender in the Tender Offer based on their judgement as to whether the terms of the Transaction, including the terms of the Tender Offer, are appropriate, will remain at 99.91%, which is calculated by subtracting the Ownership Ratio of the Restricted Shares held by the directors (excluding Director Takayuki Yamazaki, who expressed an opinion against the resolution to express an opinion in support of the Tender Offer on the premise of delisting the Company's shares at the Company's board of directors meeting held today) (0.09%) from 100%, which is 85.73%, minus the aforementioned 14.18%. In this situation, if a minimum Ownership Ratio for the Tender Offeror is set at two-thirds, even if the Ownership Ratio of the Company shareholders who deem the terms of the Transaction, including the terms of the Tender Offer, to be appropriate exceed two-thirds, the Tender Offeror believes there is a possibility that the Transaction will not be completed, and the Company shareholders will not be provided with a reasonable opportunity to sell their shares on the economic terms determined through discussions and negotiations with the Company, after taking into consideration all of the factors in “(I) Basis for Calculation” in “(4) Basis for Calculation of Purchase Price” in “(Reference) Outline of Purchase, etc.” below.

Based on the above considerations, the Tender Offeror has determined that it should set a minimum limit for the Tender Offer to maximize the possibility of achieving the purpose of the Tender Offer, which is the take-private of the Company, while respecting the decision of the general shareholders of the Company to tender their shares.

In addition, when considering the number of voting rights required for the approval of the proposal for the Share Consolidation, the Tender Offeror has referred to the voting rights exercise ratio (Note 9) at past ordinary general shareholders meetings of the Company, and in light of the sum of the number of shares held by the Tender Offeror after the completion of the Tender Offer (the expected minimum Ownership Ratio in that case would be 50.10%), the number of Restricted Shares held by directors (excluding Director Takayuki Yamazaki, who expressed an opinion against the resolution to express an opinion in support of the Tender Offer on the premise of delisting the Company's shares at the Company's board of directors meeting held today) (the expected minimum Ownership Ratio in that case would be 0.09%), and the number of shares held by passive index management funds (the expected minimum Ownership Ratio in that case would be 14.18%) (the sum total of such expected minimum Ownership Ratios in that case would be 64.37%), the Tender Offer believes that unless the voting rights exercise ratio at the Extraordinary General Shareholders Meeting reaches 96.56%, which is significantly higher than the past voting rights exercise ratio performance, the proposal for the Share Consolidation will be able to be passed. The minimum number of shares to be purchased is a tentative figure based on information as of today, and the actual minimum number of shares to be purchased in the Tender Offer may differ from the figure above due to factors such as changes in the number of treasury shares held by the Company after such date. In addition, as mentioned above, KKR Fund is holding

discussions with VAC regarding the tendering or non-tendering of VAC's Company Shares (number of shares: 15,425,800, Ownership Ratio: 14.62%) to the Tender Offer and/or re-investing or non re-investing in the Tender Offeror Parent Company, etc., and the method thereof, etc. If an agreement is reached with VAC regarding the handling of Company Shares owned by VAC in the Tender Offer by the time the Tender Offer commences, the minimum number of shares to be purchased may be set at a level that takes into account the content of that agreement. Prior to the commencement of the Tender Offer, it is planned that the final minimum number of shares to be purchased taking into account the latest information available at the time of commencement of the Tender Offer will be determined.

(Note 6) “Ownership Ratio” means the percentage (figures are rounded to the nearest two decimal places) of the number of shares (105,512,097 shares) (hereinafter referred to as the “**Total Shares Outstanding on a Fully Diluted Basis**”), obtained by (i) the total number of outstanding shares of the Company as of December 31, 2024 (108,382,642 shares), as stated in the Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025 (Under Japanese GAAP) (“**Company Financial Results**”) submitted by the Company on January 30, 2025, less (ii) the number of treasury shares owned by the Company as of December 31, 2024 as reported in the Company Financial Results (2,970,545 shares) (such amount being 105,412,097 shares), and adding (iii) the number of shares subject to the Share Options (1,000 options) remaining as of today, reported by the Company (100,000 shares); the same shall apply hereinafter.

(Note 7) “Passive index management funds” are funds that aim to secure a return on par with market averages by managing the fund for the purpose of linking investment results with indices, such as stock price indices, which serve as benchmarks for the market of stocks and other investment assets.

(Note 8) Although the restricted shares of the Company granted to the directors of the Company as restricted stock compensation (the “**Restricted Shares**”) cannot be tendered in the Tender Offer due to transfer restrictions attached thereto, at the meeting of the board of directors of the Company held today, a resolution was adopted expressing an opinion in support of the Tender Offer, it is therefore expected that after the Tender Offer is completed, if a proposal regarding the Share Consolidation is made at the Extraordinary General Shareholders Meeting (as defined in “(4) Policy on Post-Tender Offer Organizational Restructuring, Etc. (Matters Relating to the Two-Step Acquisition) below), it is expected that the directors will vote in favor, and thus in determining the minimum number of shares to be purchased, the number of voting rights for the Restricted Shares held by directors (excluding Director Takayuki Yamazaki, who expressed an opinion against the resolution to express an opinion in support of the Tender Offer on the premise of taking the Company's Shares private at the Company's board of directors meeting held today) is deducted (94,800 shares, Ownership Ratio: 0.09%).

(Note 9) According to the Annual Securities Report for the 131st Fiscal Year submitted by the Company on June 27, 2024, the number of voting rights as of the record date for the 131st Ordinary General Meeting of Shareholders held in June 2024 was 1,053,088 rights. However, according to the Extraordinary Report submitted on June 27, 2024, the average number of voting rights actually exercised for all

proposals was 899,161 rights (figures are rounded to the nearest whole number), which corresponds to approximately 85.38% of the total number of voting rights (figures are rounded to the nearest two decimal places; the same shall apply hereinafter in the calculation of the voting rights exercise ratio unless otherwise specified). If the voting rights exercise ratio is similarly calculated, it would be approximately 79.21% for the 130th Ordinary General Meeting of Shareholders, and 86.51% for the 129th Ordinary General Meeting of Shareholders, and thus the maximum voting rights exercise ratio for the three most recent ordinary general meetings of shareholders of the Company is approximately 86.51%.

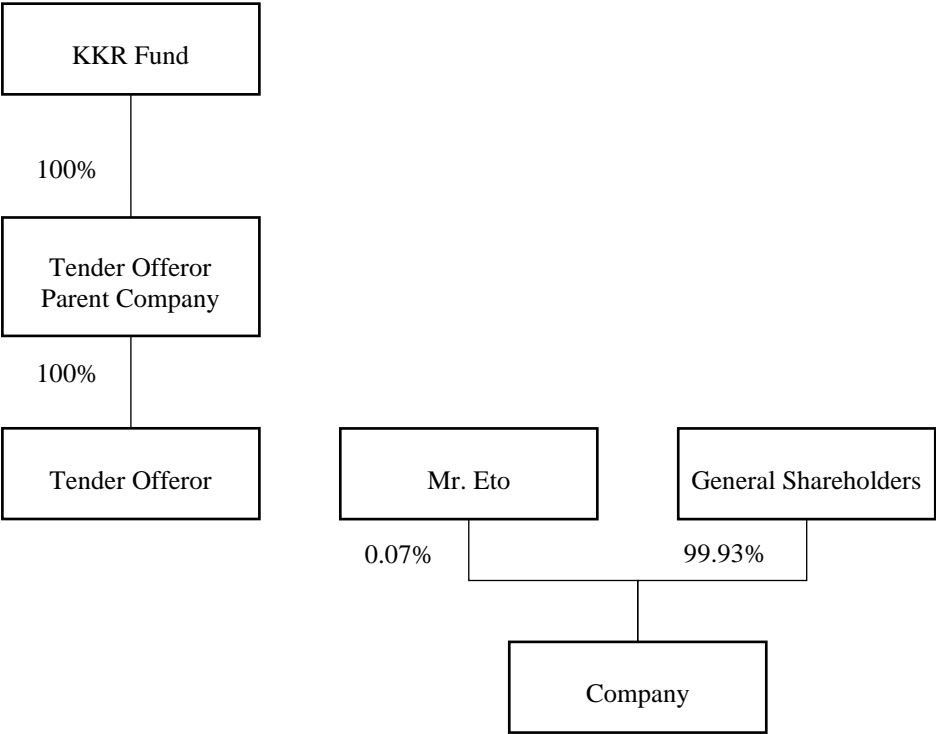
The Tender Offeror plans to finance the funds required for the settlement of the Tender Offer by borrowing from financial institutions and through capital contributions from the Tender Offeror Parent Company (including appropriation of the amount paid by JICC to the Tender Offeror Parent Company in the Investment).

If the Tender Offeror is unable to acquire all of the Company Shares and all of the Share Options through the Tender Offer, the Tender Offeror intends to implement a series of procedures after the completion of the Tender Offer to make the Tender Offeror the sole shareholder of the Company (“Squeeze-out Procedure”; for details, please refer to “(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called Two-Step Acquisition)”.

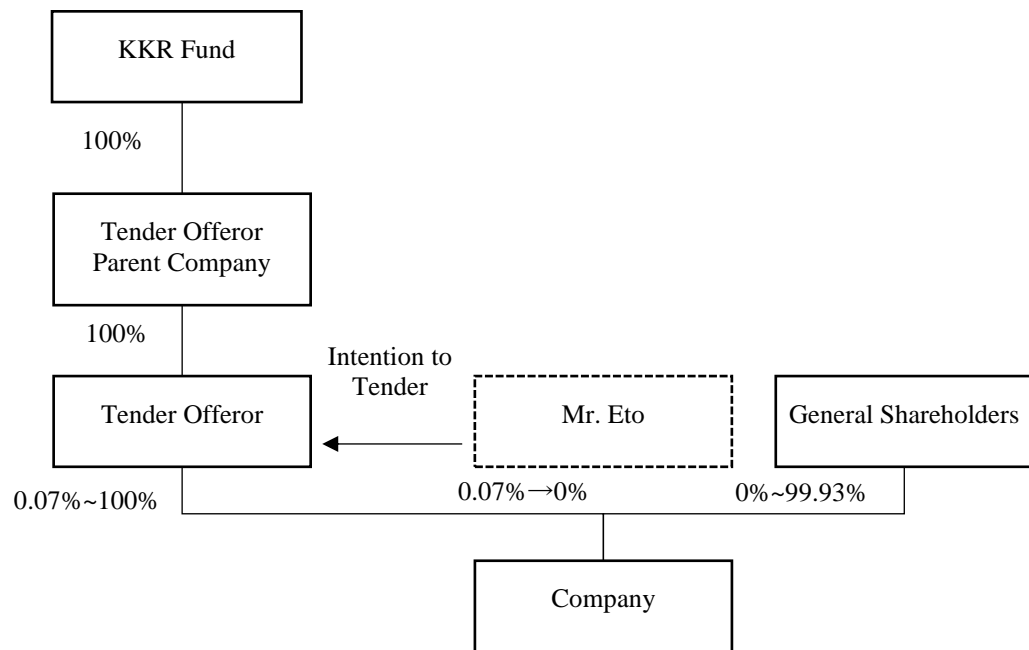
<Overview of Structure of the Tender Offer and Anticipated Subsequent Procedures>

The following charts outline the structure of the Tender Offer and each of the anticipated subsequent procedures.

I. Current State (as of today)

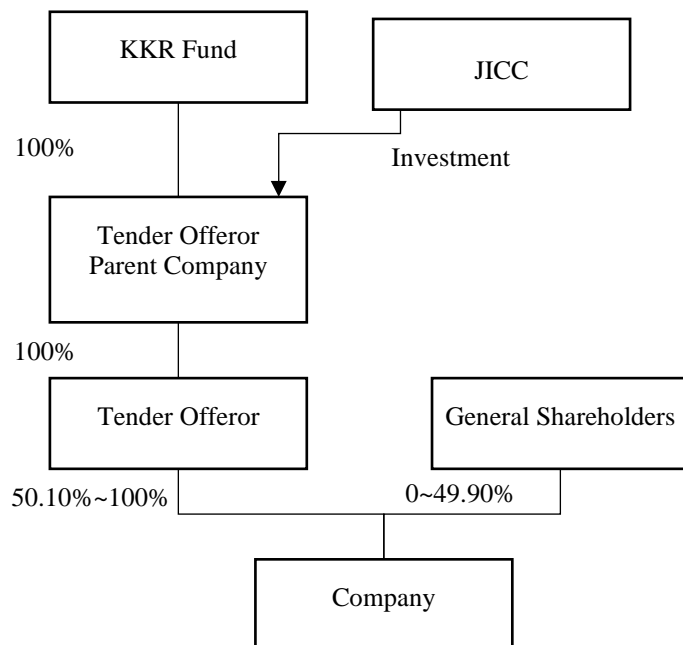


II. Tender Offer (end of July, 2025 to end of August 2025) (planned)

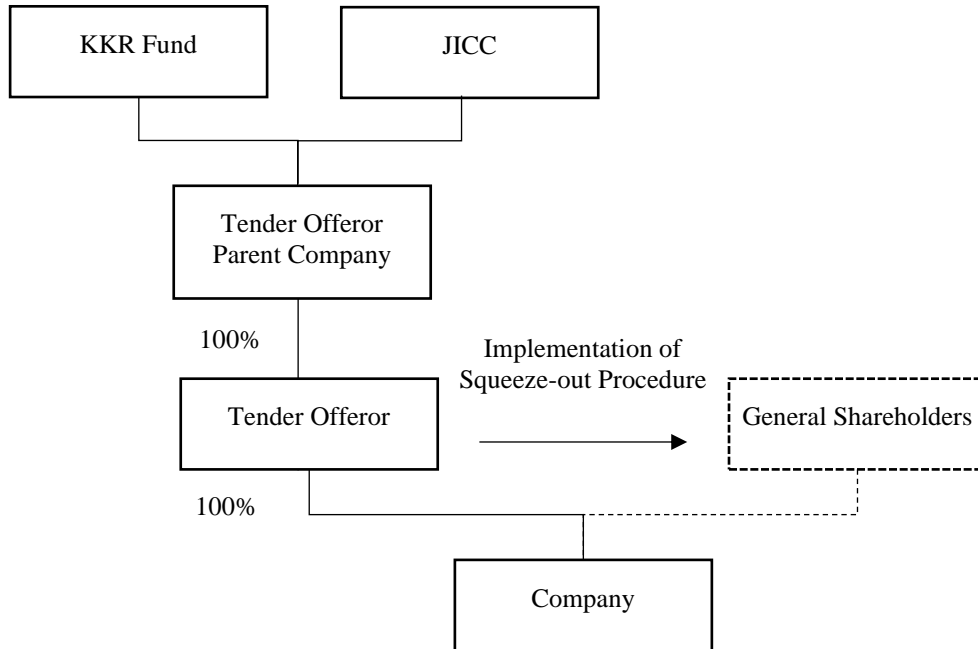


III. After Completion of the Tender Offer (from September 2025 onwards) (planned)

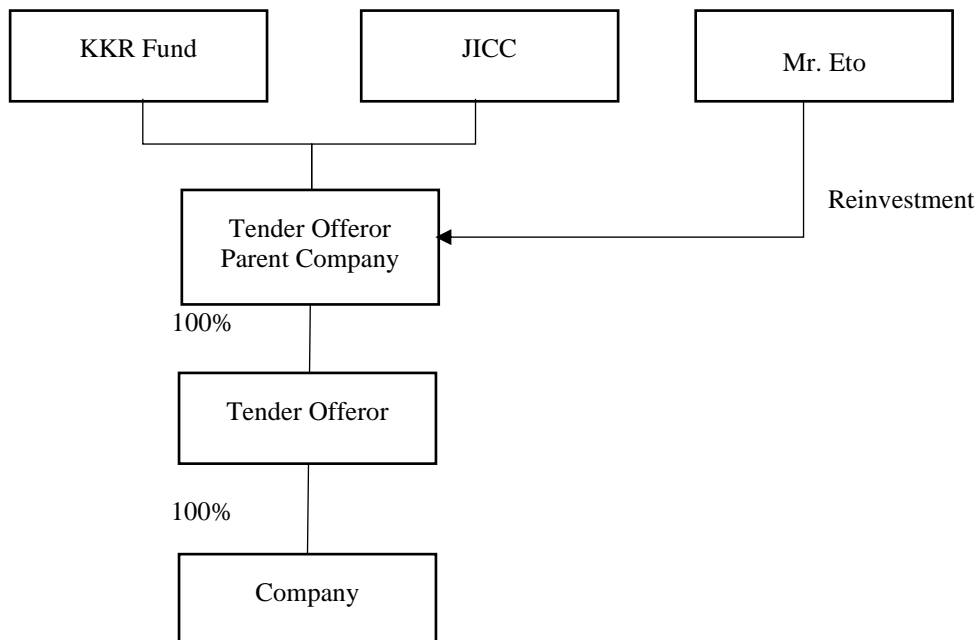
(1) The Investment



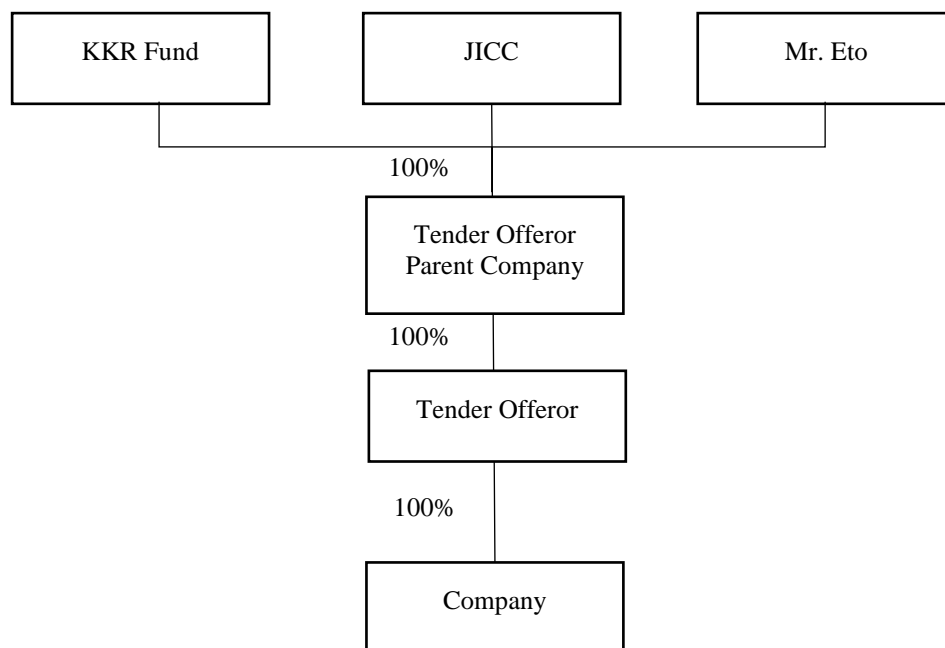
(2) (After Implementation of the Investment) The Squeeze-out Procedure



(3) (After Completion of the Squeeze-out Procedure) The Reinvestment



(4) (After Implementation of the Reinvestment)



(II) Background, purpose, and decision-making process leading to the decision by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer

(i) The business environment surrounding the Company

The Company was established in September 1932 under the trade name of Tokyo Kogaku Kikai Kabushiki Kaisha (Tokyo Optical Co., Ltd.) for the purpose of domestically producing surveying instruments at the request of the Army Ministry, and its foundation originated from the surveying instrument division of K. Hattori & Co., Ltd. (currently Seiko Group Corporation). In 1989, the Company's trade name was changed to its current name, TOPCON CORPORATION. In May 1949, the Company was listed on the Tokyo Stock Exchange ("TSE") and the Osaka Securities Exchange ("OSE"), and in September 1986, it was designated for listing on the First Sections of both exchanges. Following its delisting from the OSE in March 2009, the Company changed its listing to the Prime Market of the TSE in April 2022, as a result of a restructuring of the Tokyo Stock Exchange market classification, where it remains listed to date. As of the date hereof, the Company, together with its 59 consolidated subsidiaries, 5 equity method affiliates and 1 non-consolidated subsidiary, comprises a corporate group (the "**Company Group**").

The Company Group has set forth its most important values shared globally across the Company Group in writing as the "TOPCON WAY" (Note 1), and has adopted as its management philosophy the goal of contributing to the enrichment of human life by solving the societal challenges within healthcare, agriculture, and infrastructure. As societal values continue to diversify, the Company is committed, through its business activities, to achieving a sustainable society by providing products and services that help to solve societal issues, while simultaneously

pursuing a management policy that emphasizes the interests of all diverse stakeholders associated with the Company Group. The Company Group, in accordance with this management policy the Company primarily engages in the following businesses:

(Note 1) The “TOPCON WAY” represents the Company’s commitment to addressing societal issues related to healthcare, agriculture, and infrastructure through its business activities, thereby contributing to the creation of a prosperous society. To this end, the Company is committed to continuous innovation through cutting-edge technology, operating as a global company that respects diversity, and making compliance a top priority in order to remain a trusted entity among all its stakeholders.

(1) Positioning Business

The Positioning Business provides machine control products and GNNS (Note 2) products that automatically control construction and agricultural machinery to construction companies (civil engineering and building), farmers, and manufacturers of construction and agricultural machinery. The Company believes that there are social issues such as a shortage of skilled workers due to the increase in global infrastructure demand in construction, food shortages due to the global population increase in agriculture, and an aging population and a decrease in skilled workers based on our core technologies such as ICT automation construction technology (Note 3), precision 3D position measurement (Note 4), and sensing (Note 5), the Company will contribute to improving productivity and quality in the construction and agricultural fields, and to resolving the shortage of skilled workers, through ICT automation construction in the construction field and IT agricultural solutions (Note 6) that realize digitization and automation in the agricultural field.

In order to achieve this, the Company develops and offers a range of products that incorporate its proprietary technologies, including surveying instruments and laser products that incorporate the advanced optical technologies the positioning company (Note 7) has, cutting-edge GNSS receivers, machine control products designed to automate construction and agricultural machinery, as well as related software and cloud-based solutions (Note 8).

(Note 2) “GNSS” refers to the Global Navigation Satellite System.

(Note 3) “ICT automated construction technology” refers to technology that uses information and communication technology to automate and improve the efficiency of construction work carried out by construction machinery at construction sites.

(Note 4) “Precise three-dimensional position measurement” refers to technology that precisely measures the dimensions, shape, and positional relationships of objects in three-dimensional space.

(Note 5) “Sensing” refers to technology that uses sensors to collect information on the state of objects.

(Note 6) “IT agricultural solutions” refers to solutions that aim to automate and improve the efficiency of agriculture by using IT technology to automate the operation of agricultural machinery, etc.

(Note 7) “Smart infrastructure business” and “positioning company” refer to the existing

reporting segments that make up the positioning business.

(Note 8) “Related software and cloud solutions” specifically refers to cloud data management services that can be used to manage data such as the operating status of construction machinery and the progress of construction work at construction sites, and the operating status of agricultural machinery and the growth of crops in agriculture.

(2) Eye Care Business

The Eye Care Business provides ophthalmologists and opticians with ophthalmic examination and diagnostic equipment and related services. The Company believes that there are social issues in healthcare, such as the increase in eye diseases due to the aging of the population and changes in lifestyle, the rising cost of medical care, and the shortage of doctors. To solve these issues, the Company will contribute to the early detection and early treatment of eye diseases by using the unique fully-automatic screening equipment (Note 9) and digital optometry system to easily obtain the fundus images and examination data necessary for diagnosis, and furthermore, by building a new system that integrates and manages the acquired images and test data using a data management system (Note 10) that utilizes the cloud.

As a product group that utilizes our company’s unique technology to achieve this, we are developing various ophthalmic instruments for ophthalmologists and opticians, testing and diagnostic instruments such as fully-automatic fundus cameras and OCT (Note 11), and related software and cloud solutions.

(Note 9) “Fully automatic screening equipment” refers to ophthalmic examination and optometry equipment that can be used to automatically perform tests with simple operations such as pressing a button, even if the user is not an expert.

(Note 10) “Cloud-based data management systems” specifically refer to data management solutions such as Topcon Harmony, which can manage ophthalmological examination data, including fundus images, on the cloud.

Note (11) “OCT” stands for Optical Coherence Tomography.

In addition, the Company Group has leveraged the optical technologies common to all of its businesses to design, manufacture, and sell optical products and device products for the cutting-edge space and defense industries that the Company Group has cultivated since its founding. Specific examples include the Company Group’s research, development, and manufacturing of optical units for LIDAR mounted on the Small Lunar Lander for Investigating Moon (SLIM) (Note 12), optical units for Flash LIDAR mounted on the new H-II Transfer Vehicle (HTV-X) (Note 13), direct-aiming devices mounted on Japan Ground Self-Defense Force tanks, and optical units for infrared detection devices mounted on Japan Maritime Self-Defense Force patrol aircraft. In the interests of Japan’s national security, and for the purpose of restricting investment in the Company by foreign investors, the Company’s space and defense business is classified among the designated sectors under the Foreign Exchange and Foreign Trade Act requiring prior notification (i.e., sectors subject to regulation for inward direct investment where there is a risk

of undermining national security, disrupting public order, or hindering the protection of public safety).

(Note 12) “Optical units for LIDAR” refers to the optical components used in LIDAR (a technology that uses laser light to measure the distance to objects and generate a 3D map of the surrounding environment).

(Note 13) “Optical units for Flash LIDAR” refers to the optical components used in Flash LIDAR (a technology that, like a camera flash, illuminates a wide area at once and generates a 3D map of the surrounding environment instantly by receiving the reflected light with a sensor).

Looking ahead to 2032, when the Company will commemorate its 100th anniversary, it has adopted a vision of transforming itself into a “a 100-year venture positioned for sustainable growth,” and has identified the following two areas as the key sources of the Company Group’s competitiveness, in respect of which it is further accelerating its efforts:

- (i) Preserving our strength as a manufacturer while simultaneously pursuing the global expansion of our solutions business

The Company will maximize mutual synergies between Japan and the U.S. by establishing an organizational structure that optimally integrates Japan’s hardware-focused product development and manufacturing capabilities with the development and deployment capabilities of new solutions businesses that evolve in response to market needs, primarily in the U.S.

- (ii) Ensuring sustainable business growth across all business segments, we will continue to make appropriate upfront investments and reinvestments aimed at creating new businesses.

We will continue to make appropriate investments in the creation of new businesses that will serve as the foundation for future growth and in the research and development of new technologies, and we plan to maximize business growth across all business segments.

Currently, the Company Group is promoting sustainable growth in each business in line with the three pillars of its “Medium-Term Management Plan 2025,” a three-year plan whose implementation began in fiscal 2023, which are as follows: “Deepening Customer Orientation” (i.e., to remain a company indispensable to its customers), “Fundamental Reform” (i.e., to establish an efficient organization and strengthen profitability), and “DX Acceleration” (i.e., to continue developing the next wave of growth businesses).

At the same time, the Company believes that the operating environment surrounding the Company Group remains uncertain due to the prolonged monetary tightening in various countries, particularly in Europe and the U.S., declining expectations for monetary easing, and the impact of geopolitical risks and other factors. The eye care business continues to perform well, particularly in North America and Europe. However, the Company believes that the deteriorating financial situation of hospitals in China and a decline in tenders due to anti-corruption measures in China are expected to adversely affect performance. In the positioning business, the Company believes that investment restraint by agricultural machinery manufacturers due to sustained global inflation and the prolonged decline in grain prices is expected to continue in the near term. Additionally, the Company believes that the continued uncertainty surrounding trade, finance,

and industrial policies under the new U.S. administration has led to further investment caution. As a result, instability in the business market is expected to continue.

In addition to this business environment, the Company believes that the positioning business is expected to face a slowdown in the growth of OEM and aftermarket markets due to major manufacturers increasingly internalizing their production, as well as product commoditization and intensifying price competition driven by the rise of emerging manufacturers. Given this business environment and market changes, the Company recognizes the following as its management challenges for the purpose of enhancing corporate value over the medium to long term: developing and launching new products for small and medium-sized construction machinery and mid-range products; implementing further structural reforms to enhance and stabilize profitability; and accelerating growth investments in the eye care business in order to develop new services and cultivate new markets.

(ii) Discussions between the Tender Offeror and the Company and decision-making process by the Tender Offeror, etc.

In light of the recognition of the management issues described above, the Company has continued to consider and implement various measures aimed at realizing growth strategies, and has concluded that, in order to achieve further growth and enhance its corporate value, it is necessary to pursue a long-term, sustainable business transformation. Accordingly, in order to accelerate fundamental initiatives beyond conventional business transformation measures, the Company reviewed its capital policy, including the possibility of taking the Company Shares private. As a result, the Company has concluded that, although it expects to improve its corporate value over the long term, sustained, long-term investment would be required to address the management issues facing our Group. In particular, given that uncertain operational risks can arise in developing new business, the Company recognized that, in the near term our Group's earnings and cash flow could be adversely affected. The Company believes that if these measures were implemented while it remained listed, the capital markets might not fully appreciate them in the short term, potentially causing adverse effects, such as a decline in the market price of the Company Shares, thereby disadvantaging the Company's current shareholders. Therefore, starting from around July 2024, the Company came to view taking the Company private (thereby distancing itself from the capital markets, while refreshing its shareholder composition, and establishing a robust and stable management system under which shareholders and management are aligned, thus allowing for agile and dynamic decision-making) as a superior option. Through this approach, the Company would address the above management issues by leveraging external management resources in addition to its own management efforts. The Company believes that the disadvantages of taking its shares private generally include (i) the inability to raise funds through equity financing on the capital markets and (ii) the inability to enjoy the benefits of being a listed company, such as increased name recognition and social credibility. However, with respect to (i), even after the Transaction is completed, it will be possible to secure funds by using the Company's own funds and borrowing from financial institutions, taking into account the current financial situation of the Company, etc., and there is no immediate need to do so, at least for the time being. Regarding (2), since the Company has been operating as a listed company for a long time, and the Company already has sufficient name recognition and social credibility in its relationships with business partners, the impact of delisting is considered to be limited, and we have determined that the expected benefits of going private outweigh the disadvantages of

going private.

In addition, giving the evolving business environment surrounding the Company as described above, the Company concluded that the continued leadership on overall management of Mr. Eto, the Company's President and CEO, would be beneficial for our Group's long-term growth. Such leadership would include playing a responsible role in formulating and promoting the Company's management policy, capital policy, and overseas strategy, while fostering relationships and deepening collaboration with key business partners. If the Company were to go private, the Company determined that a Management Buyout (MBO), under which Mr. Eto would continue to be involved in the management of the Company for a certain period while aligning his interests with the Tender Offeror after the Company goes private, would be a strong option. After consultation with all key members of the Company's management other than Mr. Eto and some outside directors, they concurred with this view on approximately in July 2024. Therefore, in order to begin specific consideration of wide-ranging, long-term measures to enhance corporate value, including a possible Management Buyout (MBO), in July 2024, the Company appointed J.P. Morgan Securities Japan Co., Ltd. ("**J.P. Morgan**") as the Company's financial advisor and third-party appraiser for the consideration of measures to enhance corporate value, and Nagashima Ohno & Tsunematsu as the Company's legal advisor, after ensuring that there were no issues regarding their independence. The Company engaged in repeated discussions in relation to its growth strategy, including potential capital transactions involving Company Shares, with several investment funds, including KKR, as partners to promote long-term corporate value enhancement. Furthermore, in view of the importance of ensuring fairness and transparency in the review process when considering management options for the purpose of enhancing long-term corporate value, and anticipating the possibility of the Company pursuing the option of going private, which may be carried out by way of a Management Buyout (MBO) involving a squeeze-out, it was resolved at the meeting of the Company's board of directors held on July 30, 2024, to establish a strategic special committee (the "**Strategic Special Committee**") consisting of five (5) outside directors of the Company (Naoko Yamazaki (outside director of FANUC CORPORATION, 12th Space Development and Utilization Committee of the Ministry of Education, Culture, Sports, Science and Technology (temporary member of the Science and Technology Council)), Yoshiharu Inaba (director and chairman of FANUC CORPORATION), Naoki Hidaka (former representative director and former executive vice president of SUMITOMO CORPORATION, outside director of BROTHER INDUSTRIES, LTD.), Katsuhiro Teramoto (former president and former representative director of Nabtesco Corporation), Hajime Nakai (former managing executive officer of Mizuho Securities Co., Ltd., former representative director and former senior managing executive officer of Central Glass Co., Ltd.) who are independent of Mr. Eto. As such, each member has the expertise and qualifications to consider the issues relating to the Transaction. At the meeting of the Strategic Special Committee held on the same day, the Strategic Special Committee approved the respective appointments of Nagashima Ohno & Tsunematsu as the legal advisor and J.P. Morgan as the financial advisor and third-party appraiser of the Company in connection with the Transaction, both of which are independent of potential candidates of the Company's partners and the Transaction. As stated in "(i) Background to deliberation and negotiations at the Company" in "(III) Process and reasons for the decision-making of the Company" below, the Strategic Special Committee appointed Nakamura, Tsunoda & Matsumoto as its independent legal advisor at the meeting of the Strategic Special Committee held on November 27, 2024.

From the perspective of further enhancing the corporate value of the Company and maximizing

the interests of the Company's shareholders, the Company determined that it would be desirable to select a partner via a bidding process targeting multiple candidates expected to express an interest in acquiring the Company Shares, and at a meeting of the Strategic Special Committee held on July 30, 2024, such policy was approved after deliberation thereon. In light of the foregoing, in mid-August of the same year, with the aim of selecting a partner that would be beneficial to the Company, the Company decided to implement a bidding process ("**Take-Private Process**") for participation in the Company's going-private transaction through a tender offer, premised upon a Management Buyout (MBO) in which Mr. Eto would remain involved in the management of the Company for a certain period while sharing aligned interests with the Tender Offeror after the Company goes private. Accordingly, the Company then invited three (3) investment funds, each with extensive track records in Japan and overseas, including KKR (collectively, the "**Candidates**") and has commenced the Take-Private Process. In selecting the Candidates, the Company initially compiled a list of more than 50 potential candidates including investment funds and operating companies and narrowed down the list based on certain selection criteria, such as investment track record in the healthcare sector, which is the pillar of the Company's growth strategy, in Japanese manufacturing industry, and in global companies, etc., while interviewing the promising candidates. As a result, three (3) investment funds were selected.

On the other hand, in early July 2024, the Company, who was considering tackling management issues with the use of external management resources, consulted with KKR regarding its financial and business strategies, and from early July 2024, KKR has held ongoing discussions with the Company on multiple occasions regarding measures that will contribute to accelerating business growth and enhancing corporate value for future growth. In mid-August 2024, KKR was approached by J.P. Morgan, financial advisor to the Company, to participate in the process to take the Company private through the Take-Private Process, and KKR began considering whether to participate in the Take-Private Process. KKR has extensive investment experience in the global eye care (Note 1) and industrial fields, and through its discussions with the Company to date, KKR strengthened its view that there is significant room for accelerating the Company's business growth and increasing its corporate value for future growth by utilizing KKR's global network, and in mid-August 2024, it decided to participate in the Take-Private Process. Subsequently, pursuant to the confidentiality agreement entered into between KKR and the Company on August 13, 2024 in order for KKR to proceed with consideration of the Take-Private Process, and based on the sales and operating income results of the Company Group as a whole and by segment, past performance and future plans for major cash flow items, the status of the Company assets and liabilities as disclosed by the Company, and based on various publicly available information, KKR conducted an initial review. Although it was still at a preliminary stage prior to the conducting of due diligence based on information provided by the Company, KKR came to believe that the Company has strong competitiveness, growth potential, and high potential, primarily in the eye care business, based on deepening its understanding of the industry characteristics and growth potential of the market for each business segment to which the Company belongs, the competitive advantage that the Company has established in the market for each business segment, the direction of the Company's growth strategy, and the potential for improving corporate value and stock value, and on September 13, 2024, KKR submitted a non-legally binding proposal ("**Take-Private Process Proposal Dated September 13**") to J.P. Morgan. In the Take-Private Process Proposal Dated September 13, KKR proposed the implementation of the Company Take-Private Transaction with a tender offer price of 3,000 yen per Company Share, and a purchase price per Share Option at the amount obtained by multiplying

the difference between such tender offer price and the exercise price per Share Option by the number of the Company Shares underlying each Share Option. The tender offer price in the Take-Private Process Proposal Dated September 13 includes a premium of 105.55% (figures are rounded to the nearest two decimal places; the same shall apply hereinafter in the calculation of premiums) on the closing price of the Company Shares on the TSE Prime Market on September 12, 2024 (such date being the business day immediately preceding September 13, 2024) (1,459.5 yen), 100.53% on the simple average of the closing prices for the preceding one month (from August 13, 2024 to September 12, 2024) (1,496 yen), 83.37% on the simple average of the closing prices for the preceding three months (from June 13, 2024 to September 12, 2024) (1,636 yen), and 76.99% on the simple average of the closing prices for the preceding six months (from March 13, 2024 to September 12, 2024) (1,695 yen) (figures are rounded to the nearest three decimal places; the same shall apply hereinafter in the calculation of simple average of closing prices).

(Note 1) “Global eye care field” refers to a field which includes business and support activities related to the provision of ophthalmic care on a global scale.

Subsequently, from mid-September 2024 until late November 2024, KKR continued to engage in constructive discussions with the management of the Company regarding business strategies that would contribute to maximizing the corporate value of the Company. In light of the content of the discussions with the management of the Company to date, KKR submitted a non-legally binding proposal to the Company Strategic Special Committee and board of directors on November 26, 2024, which included a description of the tender offer price on the assumption that the Company Shares will be delisted (“**Take-Private Process Proposal Dated November 26**”). In the Take-Private Process Proposal Dated November 26, KKR set a tender offer price of 3,200 yen per Company Share, and a purchase price per Share Option at the amount obtained by multiplying the difference between such tender offer price and the exercise price per Share Option by the number of the Company Shares underlying each Share Option. The tender offer price in the Take-Private Process Proposal Dated November 26 includes a premium of 104.60% on the closing price of the Company Shares on the TSE Prime Market on November 25, 2024 (such date being the business day immediately preceding November 26, 2024) (1,564.0 yen), 106.05% on the simple average of the closing prices for the preceding one month (from October 28, 2024 to November 25, 2024) (1,553 yen), 106.85% on the simple average of the closing prices for the preceding three months (from August 26, 2024 to November 25, 2024) (1,547 yen), and 98.27% on the simple average of the closing prices for the preceding six months (from May 27, 2024 to November 25, 2024) (1,614 yen).

Subsequently, from late November 2024 until early January 2025, KKR continued to engage in constructive discussions with the management of the Company regarding business strategies that would contribute to maximizing the corporate value of the Company. In light of the content of the discussions with the management of the Company to date, KKR submitted a non-legally binding proposal to the Company Strategic Special Committee and board of directors on January 6, 2025, which included a description of the tender offer price on the assumption that the Company Shares will be delisted (“**Take-Private Process Proposal Dated January 6**”). In the Take-Private Process Proposal Dated January 6, KKR set a tender offer price of 3,800 yen per

Company Share, and a purchase price per Share Option at the amount obtained by multiplying the difference between such tender offer price and the exercise price per Share Option by the number of the Company Shares underlying each Share Option. The tender offer price in the Take-Private Process Proposal Dated January 6 includes a premium of 33.87% on the closing price of the Company Shares on the TSE Prime Market on December 30, 2024 (such date being the business day immediately preceding January 6, 2025) (2,838.5 yen), 54.53% on the simple average of the closing prices for the preceding one month (from December 12, 2024 to December 30, 2024) (2,459 yen), 103.43% on the simple average of the closing prices for the preceding three months (from October 1, 2024 to December 30, 2024) (1,868 yen), and 119.53% on the simple average of the closing prices for the preceding six months (from July 1, 2024 to December 30, 2024) (1,731 yen). In addition, a premium of 116.34% was given on the closing price on December 9, 2024 (1,756.5 yen), which is the business day immediately preceding December 10, 2024 when speculative reports were made by some news outlets that the Company was conducting the Take-Private Process, having invited multiple investment funds, including KKR, which triggered a fluctuation in the Company's stock price ("**Take-Private Process Speculative Reports**"), a premium of 139.45% was given on the simple average of the closing prices for the preceding one month (from November 10, 2024 to December 9, 2024) (1,587 yen), 142.50% on the simple average of the closing prices for the preceding three months (from September 10, 2024 to December 9, 2024) (1,567 yen), and 136.32% on the simple average of the closing prices for the preceding six months (from June 10, 2024 to December 9, 2024) (1,608 yen).

Subsequently, from late January to early February 2025, KKR conducted due diligence of the Company's business, finance and legal affairs, etc., taking into account the downward revision in the Company's business plan announced on January 30, 2025, and conducted interviews, etc. with the Company's management regarding its business strategy, and proceeded with considering the acquisition of Company Shares. KKR has come to believe that substantial growth of the Company is possible through the Transaction and it expected that there will be synergies, but no dyssynergies, by forming a strategic partnership between the Company, which it believes has advanced technology, abundant human capital, and a solid customer base, and KKR, which it believes has abundant human and capital resources, experience in both the eye care and industrial fields, and a global network, with, in the eye care field in particular, expansion of sales channels through collaboration with major eye care retailers and eye clinic chains in which KKR has invested, and the utilization of KKR's global network of experts with extensive knowledge in the field, by delisting the Company Shares, based on further deepening its understanding of the Company's medium- to long-term growth and future vision, in addition to deepening its understanding of the industry characteristics and growth potential of the each business segment to which the Company belongs, the competitive advantage that the Company has established in the markets for each business segment, the direction of the Company's medium- to long-term growth strategy, and the potential for improving corporate value and stock value. On February 25, 2025, based on a multifaceted and comprehensive analysis of the Company's business and financial status, and upon analyzing the value of the Company Shares in comparison with the market share prices and profitability of multiple listed companies that are relatively similar to the Company in terms of business contents, business scale, earnings status, etc., KKR submitted a non-legally binding proposal regarding this matter ("**Take-Private Process Proposal Dated February 25**") to the Company, including a description of the tender offer price. In the Take-Private Process Proposal Dated February 25, KKR set a tender offer price of 3,100 to 3,300 yen

per Company Share, and a purchase price per Share Option at the amount obtained by multiplying the difference between such tender offer price and the exercise price per Share Option by the number of the Company Shares underlying each Share Option. The tender offer price in the Take-Private Process Proposal Dated February 25 includes a premium of 8.85 to 15.87% on the closing price of the Company Shares on the TSE Prime Market on February 21, 2025 (such date being the business day immediately preceding February 25, 2025) (2,848.0 yen), 8.47 to 15.47% on the simple average of the closing prices for the preceding one month (from January 22, 2025 to February 21, 2025) (2,858 yen), 20.44 to 28.21% on the simple average of the closing prices for the preceding three months (from November 22, 2024 to February 21, 2025) (2,574 yen), and 51.07 to 60.82% on the simple average of the closing prices for the preceding six months (from August 22, 2024, to February 21, 2025) (2,052 yen). In addition, a premium of 76.49 to 87.87% was given on the closing price on December 9, 2024 (1,756.5 yen), which is the business day immediately preceding December 10, 2024 when the Take-Private Process Speculative Reports were made, which triggered a fluctuation in the Company's stock price, a premium of 95.34 to 107.94% was given on the simple average of the closing prices for the preceding one month (from November 10, 2024 to December 9, 2024) (1,587 yen), 97.83 to 110.59% on the simple average of the closing prices for the preceding three months (from September 10, 2024 to December 9, 2024) (1,567 yen), and 92.79 to 105.22% on the simple average of the closing prices for the preceding six months (from June 10, 2024 to December 9, 2024) (1,608 yen).

As KKR subsequently received a request from the Company to resubmit its proposal by February 28, 2025, including a revision to the tender offer price proposed in the Take-Private Process Proposal Dated February 25, KKR submitted a revised, non-legally binding proposal to the Company Strategic Special Committee and board of directors on the same day, which included a description of the tender offer price on the assumption that the Company Shares will be delisted (**"Take-Private Process Proposal Dated February 28"**). In the Take-Private Process Proposal Dated February 28, KKR set a tender offer price of 3,300 yen per Company Share, and a purchase price per Share Option at the amount obtained by multiplying the difference between such tender offer price and the exercise price per Share Option by the number of the Company Shares underlying each Share Option. The tender offer price in the Take-Private Process Proposal Dated February 28 includes a premium of 16.71% on the closing price of the Company Shares on the TSE Prime Market on February 27, 2025 (such date being the business day immediately preceding February 28, 2025) (2,827.5 yen), 15.99% on the simple average of the closing prices for the preceding one month (from January 28, 2025 to February 27, 2025) (2,845 yen), 24.25% on the simple average of the closing prices for the preceding three months (from November 28, 2024 to February 27, 2025) (2,656 yen), and 58.05% on the simple average of the closing prices for the preceding six months (from August 28, 2024, to February 27, 2025) (2,088 yen). In addition, a premium of 87.87% was given on the closing price on December 9, 2024 (1,756.5 yen), which is the business day immediately preceding December 10, 2024 when the Take-Private Process Speculative Reports were made, which triggered a fluctuation in the Company's stock price, a premium of 107.94% was given on the closing prices for the preceding one month (from November 10, 2024 to December 9, 2024) (1,587 yen), 110.59% on the simple average of the closing prices for the preceding three months (from September 10, 2024 to December 9, 2024) (1,567 yen), and 105.22% on the simple average of the closing prices for the preceding six months (from June 10, 2024 to December 9, 2024) (1,608 yen).

Subsequently, on March 3, 2025, KKR was notified by the Company that KKR was granted exclusive negotiation rights for the Transaction. After continuing discussions with the Company from early to late March 2025 regarding practical measures toward the implementation of the Transaction, such as the coordination of the business and financial information of the Company necessary towards completion of the procedures with the domestic and overseas competition authorities and authorities with jurisdiction over inward direct investment, KKR submitted a legally binding final proposal for the Transaction on March 26, 2025 to implement the Transaction by setting the tender offer price of the Company Shares at 3,300 yen per Company Share and a purchase price per Share Option at the amount obtained by multiplying the difference between the Tender Offer Price and the exercise price for the Share Options per Company Share by the number of the Company Shares underlying each Share Option. And today, since KKR and the Company have reached an agreement to implement the Transaction, with the Tender Offer Price set at 3,300 yen, the Share Option Purchase Price set at 193,400 yen, and the purchase price for the Company Shares related to the ADSs represented by the ADRs set at the same as the Tender Offer Price, the Tender Offeror decided to implement the Tender Offer.

(iii) Management policy after the Tender Offer

After the Transaction, KKR, together with the officers and employees of the Company, will pursue the further growth of the Company's business and corporate value through the promotion of both organic (i.e., a method using existing management resources) and inorganic (i.e., via an alliance with another company, acquisition of another company, or other means) growth strategies, by utilizing the solid business foundation that the Company has been building, the global human and capital resources of KKR, and KKR's know-how and network. After the completion of the Transaction, KKR will discuss optimal portfolio strategy with the management of the Company, and consider implementing measures to improve the Company's sales growth and profitability.

The Tender Offeror currently intends to appoint one or more candidate(s) designated by KKR as the Company's director(s) after the completion of the Transaction in order to improve management efficiency. The number of candidates, timing, designation of candidate(s) and other details of such appointment have not been decided as of yet. In addition, at this time the Tender Offeror has no specific plans or preferences regarding the management structure or composition of the board of directors after the completion of the Transaction.

The Tender Offeror plans to introduce incentive plans, such as stock options, to the officers and employees of the Company, and to establish a system in which the Tender Offeror and the officers and employees of the Company will work together to enhance the long-term corporate value of the Company. The details of such incentive plans and the timing of their introduction have not been decided.

(III) Process and reasons for the decision-making of the Company

(i) Background to deliberation and negotiations at the Company

As described in “(II) Background, purpose, and decision-making process leading to the decision

by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer” above, the Company has, for some time, been engaged in discussions with operating companies and investment funds, including KKR, regarding strategic options, including capital transactions. From early July to early August 2024, the Company engaged in several rounds of continuous discussions with KKR regarding measures intended to accelerate the Company’s business growth and enhance the Company’s corporate value for future growth. Under these circumstances, starting from mid August 2024, the Company entered into non-disclosure agreements with each Candidate and commenced the Take-Private Process with the aim of selecting a desirable partner for the Company who was expected to express an interest in acquiring the Company Shares from the perspective of further enhancing the Company’s corporate value and maximizing the interests of the Company’s shareholders. On September 13 of the same year, the Company received preliminary, non-legally binding proposals (collectively, the “**Preliminary Proposals**”) from each Candidate. Among these, in the Preliminary Proposal submitted by KKR, entitled the “Take-Private Process Proposal Dated September 13,” KKR proposed a tender offer price of JPY 3,000 per share of the Company Shares, while the purchase price per Share Option would be calculated by multiplying (a) the difference between the tender offer price and the exercise price per share under each Share Option by (b) the number of the Company Shares to be issued upon exercise of one Share Option. The proposed tender offer price reflects (i) a premium of 105.55% (rounded to two decimal places; the same applies to the calculation of the premium rates hereinafter) on JPY 1,459.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on September 12, 2024, the business day immediately preceding September 13, 2024, and (ii) a premium of 100.53% on JPY 1,496, the simple average (rounded to the nearest whole number; the same applies hereinafter to the calculation of the simple average) of the closing prices for the preceding one (1) month (from August 13, 2024 to September 12, 2024), (iii) a premium of 83.37% on JPY 1,636, the simple average of the closing prices for the preceding three (3) months (from June 13, 2024 to September 12, 2024), and (iv) a premium of 76.99% on JPY 1,695, the simple average of the closing prices for the preceding six (6) months (from March 13, 2024 to September 12, 2024).

The Company and the Special Strategy Committee carefully reviewed the contents of each Preliminary Proposal from a variety of perspectives, including whether they would preserve or enhance the Company’s corporate value and the common interests of its shareholders, as well as the feasibility of each Preliminary Proposal. On the other hand, at that time, Mr. Eto had not yet reached a final conclusion that taking the Company private under the premise of a Management Buyout (MBO) would constitute the best measure to enhance the Company’s corporate value. Moreover, since the Preliminary Proposals had been prepared based on limited information, leaving room for further discussion on their specific terms, the Company did not immediately select a candidate at that time. Instead, the Company continued discussions with each Candidate on business strategies aimed at maximizing the Company’s corporate value taking into consideration the Preliminary Proposals.

Subsequently, between early and late November 2024, the Company received further non-legally binding proposals from two (2) Candidates, including KKR, which updated the content of the Preliminary Proposals. Among these, the Company received the Take-Private Process Proposal Dated November 26 from KKR. In the Take-Private Process Proposal Dated November 26, KKR proposed a tender offer price of JPY 3,200 per share of the Company Shares, while the purchase price per Share Option was to be calculated by multiplying (a) the difference between the tender offer price and the exercise price per share under each Share Option by (b) the number of the

Company Shares to be issued upon exercise of one Share option. The tender offer price reflects (i) a premium of 104.60% on JPY 1,564.0, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on November 25, 2024, the business day immediately preceding November 26, 2024, (ii) a premium of 106.05% on JPY 1,553, the simple average of the closing prices for the preceding one (1) month (from October 28, 2024 to November 25, 2024), (iii) a premium of 106.85% on JPY 1,547, the simple average of the closing prices for the preceding three (3) months (from August 26, 2024 to November 25, 2024), and (iv) a premium of 98.27% on JPY 1,614, the simple average of the closing prices for the preceding six (6) months (from May 27, 2024 to November 25, 2024).

The Company and the Strategic Special Committee carefully compared and examined the proposals received from the Candidates from the perspective of whether they would preserve or enhance the Company's corporate value and the common interests of its shareholders, and proceeded with additional further discussions with each Candidate. During this process, Mr. Eto ultimately concluded that, from the perspective of ensuring management stability for the long-term implementation of the Company's strategies and pursuing an organizational structure capable of developing the Company's strengths, the optimal approach to enhancing the Company's corporate value would be to take the Company private under the premise of a Management Buyout (MBO), as compared to a scenario in which measures were taken to improve corporate value while maintaining the Company's current shareholder structure but the Company may not receive sufficient evaluation from the capital markets because there would be a possibility of a negative impact on the Company Group's earnings and cash flow in the short term, while the Company's corporate value is expected to increase in the long term. After consultation with all key members of the Company's management and all the outside directors, they concurred with this view, and in mid-November 2024, Mr. Eto expressed his intent to proceed with taking the Company private under the premise of a Management Buyout (MBO) to the Special Strategic Committee. Following the expression of his intent, in order to address the structural conflict of interest in the deliberations on Take-Private Process and to ensure that the Strategic Special Committee had a system in place to more directly obtain assistance from its advisors, the Strategic Special Committee resolved, at its meeting on November 27, 2024, to appoint Nakamura, Tsunoda & Matsumoto as its independent legal advisor.

Thereafter, between December 2024 and early January 2025, the Company and the Strategic Special Committee received non-legally binding proposals revising the substance of the Initial Proposal from two Candidates, including KKR. Among these, the Company received the Take-Private Process Proposal Dated January 6 from KKR. In the Take-Private Process Proposal Dated January 6, the tender offer price was set at JPY 3,800 per share of the Company Shares, while the purchase price per Share Option to be calculated by multiplying (a) the difference between the tender offer price and the exercise price per share under each Share Option by (b) the number of the Company Shares to be issued upon exercise of one Share Option. The tender offer price reflects (i) a premium of 33.87% on JPY 2,838.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on December 30, 2024, the business day immediately preceding January 6, 2025, (ii) a premium of 54.53% on JPY 2,459, the simple average of the closing prices for the preceding one (1) month (from December 2, 2024 to December 30, 2024), (iii) a premium of 103.43% on JPY 1,868, the simple average of the closing prices for the preceding three (3) months (from October 1, 2024 to December 30, 2024), and (iv) a premium of 119.53% on JPY 1,731, the simple average of the closing prices for the preceding six (6) months (from July 1, 2024 to December 30, 2024). The tender offer price also represents

(v) a premium of 116.34% on JPY 1,756.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on December 9, 2024, the business day immediately preceding December 10, 2024, the day on which speculative media reports regarding the Take-Private Process that triggered the change in the price of the Company Shares were published, (vi) a premium of 139.45% on JPY 1,587, the simple average of the closing prices for the preceding one (1) month (from November 10, 2024 to December 9, 2024), (vii) a premium of 142.50% on JPY 1,567, the simple average of the closing prices for the preceding three (3) months (from September 10, 2024 to December 9, 2024) , and (viii) a premium of 136.32% on JPY 1,608, the simple average of the closing prices for the preceding six (6) months (from June 10, 2024 to December 9, 2024).

Based on the above-mentioned review process and after confirming the opinions of the Strategic Special Committee, in January 2025, the Company provided each Candidate with the information necessary to more accurately calculate and verify the corporate value and share value of the Company on the premise that the Company would be taken private under a Management Buyout (MBO), and, from the perspective of determining the final Candidate, the Company decided to conduct a second round of bidding procedures (the “**Final Bidding Procedures**”), which included due diligence on business, financial, legal and other matters, and management interviews with the Company’s management on business strategy (the “**Due Diligence**”), and commenced these procedures. The Company invited all Candidates to participate in the Final Bidding Procedures, but one of the Candidates notified the Company that it would not participate in these procedures and, accordingly, the other two entities (the “**Final Candidates**”), including KKR, participated in these procedures.

The Due Diligence was conducted from late January to late February 2025, and on February 25, 2025, the Company received final proposals from each Final Candidate including KKR. Among these, in the Take-Private Process Proposal Dated February 25, the tender offer price was set at JPY 3,100 to 3,300 per share of the Company Shares, while the purchase price per Share Option was to be calculated by multiplying (a) the difference between the tender offer price and the exercise price per share under each Share Option by (b) the number of the Company Shares to be issued upon exercise of one Share Option. The tender offer price reflects (i) a premium of 8.85% to 15.87% on JPY 2,848.0, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on February 21, 2025, the business day immediately preceding February 25, 2025, (ii) a premium of 8.47% to 15.47% on JPY 2,858, the simple average of the closing prices for the preceding one (1) month (from January 22, 2025 to February 21, 2025), (iii) a premium of 20.44% to 28.21% on JPY 2,574, the simple average of the closing prices for the preceding three (3) months (from November 22, 2024 to February 21, 2025), and (iv) a premium of 51.07% to 60.82% on JPY 2,052, the simple average of the closing prices for the preceding six (6) months (from August 22, 2024 to February 21, 2025). The tender offer price also represents (v) a premium of 76.49% to 87.87% on JPY 1,756.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on December 9, 2024, the business day immediately preceding December 10, 2024, the day on which the speculative media reports regarding the Take-Private Process that triggered the change in the price of the Company Shares were published, (vi) a premium of 95.34% to 107.94% on JPY 1,587, the simple average of the closing prices for the preceding one (1) month (from November 10, 2024 to December 9, 2024), (vii) a premium of 97.83% to 110.59% on JPY 1,567, the simple average of the closing prices for the preceding three (3) months (from September 10, 2024 to December 9, 2024) , and (viii) a premium of 92.79% to 105.22% on JPY 1,608, the simple average of the closing prices for the

preceding six (6) months (from June 10, 2024 to December 9, 2024). The tender offer price represents a maximum discount of JPY 700 from the tender offer price proposed in the Take-Private Process Proposal Dated January 6, which resulted from a revision of the offer price made by KKR based on the Company's downward revision on January 30, 2025 of its earnings forecast for the fiscal year ending March 2025, after the submission of the Take-Private Process Proposal Dated January 6, as well as the Company's revision of its business plan based on its most recent performance and future prospects and provision of the revised business plan to the participants in the Final Bidding Procedures prior to the commencement of the Final Bidding Procedures. The revised business plan was approved by the Strategic Special Committee after the details thereof were explained at a meeting of the Strategic Special Committee held on January 30, 2025. Thereafter, the Company held discussions regarding the tender offer price, the terms and conditions of the Transaction and other related matters with each Final Candidate who had submitted a final proposal, requested each Final Candidate to submit a revised best proposal by February 28, 2025, and received responses from each Candidate on the same day. Among these, the Company received the Take-Private Process Proposal Dated February 28 from KKR. In the Take-Private Process Proposal Dated February 28, the tender offer price was set at JPY 3,300 per share of the Company Shares, while the purchase price per Share Option was to be calculated by multiplying (a) the difference between the tender offer price and the exercise price per share under each Share Option by (b) the number of the Company Shares to be issued upon exercise of one Share Option. The tender offer price of the Take-Private Process Proposal Dated February 28 reflects (i) a premium of 16.71% on JPY 2,827.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on February 27, 2025, the business day immediately preceding February 28, 2025, (ii) a premium of 15.99% on JPY 2,845, the simple average of the closing prices for the preceding one (1) month (from January 28, 2025 to February 27, 2025), (iii) a premium of 24.25 % on JPY 2,656, the simple average of the closing prices for the preceding three (3) months (from November 28, 2024 to February 27, 2025), and (iv) a premium of 58.05% on JPY 2,088, the simple average of the closing prices for the preceding six (6) months (from August 28, 2024 to February 27, 2025). The tender offer price also represents (v) a premium of 87.87% on JPY 1,756.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on December 9, 2024, the business day immediately preceding December 10, 2024, the day on which speculative media reports regarding the Take-Private Process that triggered the change in the price of the Company Shares were published, (vi) a premium of 107.94% on JPY 1,587, the simple average of the closing prices for the preceding one (1) month (from November 10, 2024 to December 9, 2024), (vii) a premium of 110.59% on JPY 1,567, the simple average of the closing prices for the preceding three (3) months (from September 10, 2024 to December 9, 2024) , and (viii) a premium of 105.22% on JPY 1,608, the simple average of the closing prices for the preceding six (6) months (from June 10, 2024 to December 9, 2024). As a result of comprehensively comparing and examining the contents of the final proposals, as the price offered by KKR, which was JPY 3,300 per Company Share, was higher relative to the other Final Candidate, and as the Company considered that KKR's proposal was superior in terms of both the probability of a successful completion of the Transaction and the strategies and measures to be taken with a view to the long-term improvement of corporate value, on March 3, 2025, the Company selected KKR as the final candidate and granted KKR exclusive negotiation rights, which were to expire on March 21 of the same year, and commenced further discussions and deliberations toward the implementation of the Transaction with KKR.

Thereafter, from early March to late March of the same year, the Company held continuous

discussions with KKR regarding practical ways to implement the Transaction, including the coordination of our business and financial information necessary for completing the procedures, etc., with the domestic and foreign competition authorities and authorities with jurisdiction over inward direct investment, and the Company repeatedly negotiated with KKR regarding the terms and conditions of the Tender Offer Agreement. On March 26, 2025, the Company received a legally binding final proposal from KKR (in light of the negotiations between KKR and JICC, with the approval of the Strategic Special Committee, on March 12, 2025, the exclusive negotiation period for the above-mentioned exclusive negotiation rights was extended to March 28, 2025). The Tender Offer Price and the Share Option Purchase Price in the Final Proposal are unchanged from the Take-Private Process Proposal Dated February 28, and the Tender Offer Price for each Company Share is JPY 3,300, and the Share Option Purchase Price is the difference between the Tender Offer Price and the exercise price per Company Share for each Share Option multiplied by the number of Company Shares that are the subject of each Share Option. In addition, the Tender Offer price for each Company share related to the ADSs represented by the ADRs, that the Tender Offeror has become aware of after the submission of Take-Private Process Proposal Dated February 28, is the same as the Tender Offer Price. The tender offer price in the Final Proposal dated January 26 includes a premium of 10.89% on JPY 2,976.0, the closing price of the Company Shares on the TSE Prime Market on March 25, 2025 (such date being the business day immediately preceding March 26, 2025), 15.22% on JPY 2,864, the simple average of the closing prices for the preceding one month (from February 26, 2024 to March 25, 2025), 16.07% on JPY 2,843, the simple average of the closing prices for the preceding three months (from December 26, 2024 to March 25, 2025), and 43.85% on JPY 2,294, the simple average of the closing prices for the preceding six months (from September 26, 2024 to March 25, 2025). In addition, a premium of 87.87% was given on JPY 1,756.5, the closing price on December 9, 2024, which is the business day immediately preceding December 10, 2024 when Take-Private Process Speculative Reports speculative reports were made, a premium of 107.94% was given on JPY 1,587, the simple average of the closing prices for the preceding one month (from November 10, 2024 to December 9, 2024), a premium of 110.59% on JPY 1,567, the simple average of the closing prices for the preceding three months (from September 10, 2024 to December 9, 2024), and a premium of 105.22% on JPY 1,608, the simple average of the closing prices for the preceding six months (from June 10, 2024 to December 9, 2024).

The Company and the Strategic Special Committee have continued to consider the implementation of the Transaction through negotiations on the terms of the Tender Offer Agreement, etc., during the exclusive negotiation period for the exclusive negotiation rights, at the Board of directors meeting and the Strategic Special Committee held today, the Company decided to set the Tender Offer Price at 3,300 yen, the Share Options Tender Offer Price at 193,400 yen, and the purchase price for the ADRs at 3,300 yen, and today reached an agreement with KKR to implement the Transaction.

During the above-mentioned deliberations and the process of negotiations with each Candidate, the Strategic Special Committee received reports on the status of deliberations and negotiations from the Company, the Company's financial advisor and legal advisor, as appropriate, and involved itself in the negotiation process by expressing its opinions on these reports. In addition, the Company handled negotiations with KKR in accordance with the negotiation policy deliberated and determined at meetings of the Strategic Special Committee.

The Company believes that its strength is based on its organizational structure (“**Topcon Model**”), which is capable of combining its ability to develop, design and manufacture products cultivated

in Japan with its advanced software service business in overseas markets, particularly the United States, which has significant growth potential. In addition to the foregoing, the Company also believes that the source of the Company Group's comprehensive technological capabilities was the advanced optical technology required for its space and defense business, and therefore, the Company has been seeking a scheme that would maintain the Topcon Model and the space and defense business even after the Company were delisted. Based on these considerations, in order to achieve the sustainable development of the Company's business and to enhance the Company's long-term corporate value through efforts aimed at creating successful examples of Japanese hardware companies as solution companies in the global market, from around March 2024, the Company repeatedly discussed with JICC the potential provision by JICC of continued support for the Company's business, for the realization of the Company's medium- to long-term growth strategy. As a result of these discussions, the Company decided to request JICC's participation based on the following factors: (1) while the private investment fund would proceed with the process of going private, JICC's participation in addition to that of the private investment fund would provide necessary quantitative and credit support, and (2) while it would take a certain period of time for the Company to realize its growth strategy for the main businesses, and it is necessary to achieve our structural reforms, JICC is expected to provide long-term and neutral funding, which will be a key element of these efforts. JICC ultimately agreed to make an indirect minority investment in the Company after consulting with the partner candidate who will ultimately be selected in the Take-Private Process, although JICC would not participate in the Company's Take-Private Process. Accordingly, following the Company's selection of KKR as the final candidate on March 3, 2025, JIC and the Tender Offeror commenced discussions that led to the execution of the Agreement (JICC).

In connection with the above deliberations, on January 30, 2025, in light of the fact that, among other things, the Tender Offer is being implemented as part of a Management Buyout (MBO), which raises issues of structural conflicts of interest, and that it is a transaction involving a squeeze-out, the board of directors of the Company consulted the Strategic Special Committee on the rationality of the purpose of the Transaction, the appropriateness and fairness of the terms and procedures of the Transaction, and other matters (for details of the composition of the members of the Strategic Special Committee, other specific matters on which the Strategic Special Committee was consulted, and other matters related thereto, please refer to "(IV) Establishment of an independent special committee and obtainment of a report from the special committee by the Company" in "(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer"). In addition, the Company has taken each of the measures described in "(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below and has obtained an opinion (the "**Fairness Opinion**") from the Company's financial advisor, J.P. Morgan, to the effect that the Tender Offer Price is fair to the Company's common shareholders (excluding the Tender Offeror, Tender Offeror Parent Company, KKR and their related companies) from a financial point of view based on the assumptions described in the note in "(ii) Outline of valuation" in "(3) Matters related to the valuation" below. The Company also received necessary legal advice from Nagashima Ohno & Tsunematsu, its legal advisor, regarding the decision-making process of the Company's board of directors that concerns the Transaction and other issues to note, as well as an opinion (the "**Opinion**") today from the Strategic Special Committee (for details of the content of the Opinion and the activities of the Strategic Special Committee, please refer to "(IV) Establishment of an

independent special committee and obtainment of a report from the special committee by the Company” in “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below).

(ii) Reasons leading the Company to decide to support the Tender Offer

As a result of the above deliberations, for the reasons set forth below, the Company has determined that the Tender Offer Price of 3,300 yen, the Share Options Tender Offer Price of 193,400 yen and Tender Offer price of 3,300 yen for ADRs are appropriate prices that ensure that the Company’s shareholders, Share Option Holders and ADRs Holders receive the benefits that they ought to enjoy, respectively, and that the Tender Offer provides the Company’s shareholders and Share Option Holders with an opportunity to reasonably sell their Company Share Certificates at a price with a reasonable premium.

- (a) The Tender Offer Price is the highest price proposed in the final proposal submitted by the Candidates.
- (b) The Tender Offer Price has been agreed upon after implementing each of the measures to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price, which are described in “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below, and as a result of conducting sufficient negotiations with KKR over a long period of time under the competitive environment of the Take-Private Process, with sufficient involvement of the Strategic Special Committee.
- (c) The Tender Offer Price exceeds (i) the maximum value of the calculation result of the average market price method, and (ii) the median value of the DCF method, which represents the intrinsic value of the Company Shares as calculated in the share valuation report that the Company received from J.P. Morgan today (the “**Share Valuation Report**”). Also, the Company received the Fairness Opinion today from J.P. Morgan under the assumptions set forth in (Note 1) of “(iii) Outline of valuation” in “(3) Matters related to the valuation” below.
- (d) The Tender Offer Price reflects (i) a premium of 3.45% on JPY 3190.0, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on March 27, 2025, the business day immediately preceding March 28, 2025, (ii) a premium of 14.15% on JPY 2,891, the simple average of the closing prices for the preceding one (1) month (from February 28 to March 27, 2025), (iii) a premium of 15.79% on JPY 2,850, the simple average of the closing prices for the preceding three (3) months (from December 28, 2024 to March 27, 2025), and (iv) a premium of 42.30% on JPY 2,319, the simple average of the closing prices for the preceding six (6) months (from September 28, 2024 to March 27, 2025). The Company’s share price has fallen from JPY 1,756.5, the closing price on

December 9, 2024, the business day before the first speculative media reports regarding the Take-Private Process were published on December 10, 2024, there was a significant increase of 51.24% from the closing price on December 9, 2024, the business day before the date of the publication of the relevant speculative media reports on December 10, 2024, to the closing price on December 11, 2024, which was the business day after the date of the publication of the relevant speculative media reports, and it is reasonable to assume that this reflects to a considerable extent the expectations regarding the implementation of the Transaction. The tender offer price also represents (v) a premium of 87.87% on JPY 1,756.5, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on December 9, 2024, the business day immediately preceding December 10, 2024, the day on which the speculative media reports regarding the Take-Private Process that triggered the change in the price of the Company Shares were published, (vi) a premium of 107.94% on JPY 1,587, the simple average of the closing prices for the preceding one (1) month (from November 11, 2024 to December 9, 2024), (vii) a premium of 110.59% on JPY 1,567, the simple average of the closing prices for the preceding three (3) months (from September 10, 2024 to December 9, 2024), and (viii) a premium of 105.22% on JPY 1,608, the simple average of the closing prices for the preceding six (6) months (from June 10, 2024 to December 9, 2024). The Tender Offer Price is higher relative to the level of premium added when determining the purchase price of the tender offers, etc. in the 74 cases (excluding cases where tender offers were not implemented or failed) of other recent Management Buyout (MBO) cases (those that targeted domestic listed companies and were announced between June 28, 2019, when the “Fair M&A Guidelines – Enhancing Corporate Value and Securing Shareholders’ Interests” were published by the Ministry of Economy, Trade and Industry, and March 17, 2025) (the average and median of the premiums on the closing price on the business day preceding the date of announcement were 46.56% and 41.97%, respectively; the simple average and median of the premiums on the simple average of closing prices for the preceding one (1) month were 49.68% and 44.20%, respectively; the simple average and median of the premiums on the simple average of closing prices for the preceding three (3) months were 52.21% and 45.79%, respectively; and the simple average and median of the premiums on the simple average of closing prices for the preceding six (6) months were 52.17% and 47.28%, respectively). Furthermore, the Company's share price increased by 7.4% from JPY 2,970.0 yen, the closing price on March 26, 2025, the business day before the second speculative media reports regarding the Take-Private Process were published on March 27, 2025, to JPY 3,190.0, the closing price on March 27, 2025, the day of the said speculative media reports, it is reasonable to assume that expectations regarding the implementation of the Transaction have been further factored in. The Tender Offer Price also represents (ix) a premium of 11.11% on JPY 2,970.0, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on March 26, 2025, the business day immediately preceding March 27, 2025, which was the

day on which the second speculative media reports regarding the Take-Private Process that triggered the change in the price of the Company Shares were published, (x) a premium of 14.90% on JPY 2,872, the simple average of the closing prices for the preceding one (1) month (from February 27, 2025 to March 26, 2025), (xi) a premium of 15.99% on JPY 2,845, the simple average of the closing prices for the preceding three (3) months (from December 27, 2025 to March 26, 2025) , and (xii) a premium of 43.10% on JPY2,306, the simple average of the closing prices for the preceding six (6) months (from September 27, 2024 to March 26, 2025).

- (e) The Tender Offer Price has been determined to be appropriate in the Opinion obtained from the Strategic Special Committee, as stated in “(IV) Establishment of an independent special committee and obtainment of a report from the special committee by the Company” of “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below.
- (f) Since the purchase price of the Share Options has been determined to be the difference between the Tender Offer Price of 3,300 yen and the exercise price per the Company Share for each Share Option multiplied by the number of Company Shares to be issued for each Share Option, and the Tender Offer price of 3,300 yen for ADRs is the same as the Tender Offer Price, it can be said that sufficient consideration was given to the interests of the holders of the Share Options and ADRs Holders, for the same reasons as the Tender Offer Price.
- (g) Regarding the Tender Offer Period (as defined in “(VIII) Measures to ensure opportunities for purchase from other purchasers” in “(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” below), although the Tender Offer Period is generally planed to be set at 21 business days, as it is expected to take approximately 4 months from the announcement of the scheduled commencement of the Tender Offer to the actual commencement of the Tender Offer, it can be said that, as well as ensuring that the Company’s shareholders, the Share Options Holders and the ADRs Holders will have an opportunity to make an appropriate decision as to whether to tender their shares in the Tender Offer, it is ensured that persons other than the Tender Offeror are given the opportunity to make competing tender offers for the Company Share Certificates.
- (h) The Tender Offeror is planning to implement a Securities Cash-out Demand (as defined in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called Two-Step Acquisition)” below) or a Share Consolidation (as defined in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called Two-Step Acquisition)” below) promptly after completion of the settlement of the Tender Offer, and it is clear that, in the case that cash is paid to the Company’s shareholders, Share Option Holders and ADR Holders who did not tender their shares in the Tender Offer,

the price will be calculated so that it will be the same as the price they would have received if they had tendered their shares in the Tender Offer. In addition, if a Securities Cash-out Demand is implemented, it will be ensured that the Company's shareholders, the Share Option Holders and the ADR Holders who received the Company Shares related to the ADSs will have the right to file a petition with the court to determine the price, and if a Share Consolidation is implemented, it will be ensured that the Company's shareholders will have the right to demand the buyback of their shares and the accompanying right to file a petition with the court to determine the buyback price.

Based on the above, the Company resolved at its board of directors meeting held today, as its current opinion, to express its opinion in support of the Tender Offer and recommend that the Company's shareholders and the Share Option Holders tender their shares or share options in the Tender Offer and that the ADR Holders deliver their ADRs to the depositary bank in advance and receive the Company Shares related to the ADSs represented by the ADRs and tender such shares in the Tender Offer if the Tender Offer commences.

It is planned that the Tender Offeror will promptly commence the Tender Offer if all of the Conditions Precedent are satisfied or waived. As of today, the Tender Offeror aims to commence the Tender Offer around the end of July 2025, but since it is difficult to accurately estimate the period required for the procedures at the authorities that have jurisdiction over the procedures related to the Clearance, the detailed schedule for the Tender Offer will be promptly announced as soon as it has been decided. As of today, there are no pre-notifications for the Clearance procedure. In addition, as described in "(i) The business environment surrounding the Company, etc." in "(II) Background, purpose, and decision-making process leading to the decision by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer The Company's operating environment and related matters" in "(2) Grounds and reasons for the opinion", the Company Group designs, manufactures and sells optical products and devices for the space and defense industries, and the Company's space and defense business is designated as a business that requires pre-notification for inward direct investment, etc. under the Foreign Exchange and Foreign Trade Act to prevent national security from being impaired, the maintenance of public order from being disturbed, or the protection of public safety from being hindered, with the aim of restricting investment in the Company by foreign investors from the perspective of national security in Japan. Accordingly, it is expected that a reasonable period of time will be required to obtain the Clearance under Japan's Foreign Exchange and Foreign Trade Act. Therefore, the Company resolved at the aforementioned board of directors meeting, to request the Strategic Special Committee to consider, when the Tender Offer commences, whether the opinion expressed in the report submitted by the Strategic Special Committee to the board of directors of the Company as of today has changed, and to report to the board of directors of the Company to that effect if the previous opinion on the report has not changed, or to provide a revised opinion if it has changed, and to express its opinion on the Tender Offer anew at the time

the Tender Offer commences, based on the Strategic Special Committee's opinion.

(3) Matters related to the valuation

(I) Name of appraiser and its relationship with the listed company and the Tender Offeror

In forming its opinion with respect to the Tender Offer, in order to ensure the fairness and objectivity of the terms and conditions of the Transaction, including the Tender Offer Price, the Company requested that J.P. Morgan evaluate the value of the Company Shares and also provide a fairness opinion stating that the Tender Offer Price is fair to the holders of the Company Shares (other than the Tender Offeror, the Tender Offeror Parent Company, KKR and its affiliates) from a financial perspective. J.P. Morgan is a financial advisor and third-party valuation firm that is independent from the Tender Offeror, the Tender Offeror Parent Company, KKR and the Company, and is not affiliated with the Tender Offeror, the Tender Offeror Parent Company, KKR or the Company, and does not have any material interests in relation to the Transaction, including the Tender offer, that should be disclosed herein. The compensation to J.P. Morgan in relation to the Transaction includes a success fee payable on the condition that the Transaction is completed. The Company, considering general business practices in similar transactions and the financial burden that would arise for the Company if the Transaction were not completed, has determined that the inclusion of a success fee conditioned on the Transaction's completion does not negate J.P. Morgan's independence. Based on this assessment, the Company has appointed J.P. Morgan as its financial advisor and third-party valuation firm under the aforementioned compensation structure.

(II) Outline of valuation

As of today, the Company obtained a valuation report concerning the value of the Company Shares (the "Valuation Report") from J.P. Morgan, based on the assumptions described in the note in "(III) Outline of the Fairness Opinion" below. Additionally, as of today, the Company obtained the Fairness Opinion from J.P. Morgan, stating that the tender offer price is fair for the Common shareholders of the Company (other than the Tender Offeror, the Tender Offeror Parent Company, KKR and its affiliates) from a financial perspective, based on the assumptions described in the notes below. J.P. Morgan reviewed the Company's financial condition and trends in the market price of the Company Shares and other factors, and concluded that it would be appropriate to use a multifaceted approach, and considered which valuation methods should be adopted from among multiple share valuation methods. J.P. Morgan evaluated the value of the Company Shares using the market share price analysis, since there is a market price for the Company Shares, and the DCF analysis, in order to reflect the future business activities in the valuation. The Valuation Report and the Fairness Opinion were prepared solely for the purpose of providing information and support to the Board of directors of the Company (in its capacity as such) in its consideration of the Transaction. The ranges of the equity value per share of the Company Shares calculated by J.P. Morgan based on the above methods are as follows:

Market share price analysis: JPY 2,319 – JPY 3,190.0

DCF analysis: JPY 2,790 – JPY 3,512

Under the market share price analysis, the range of the equity value per share of the Company Shares has been calculated to be JPY 2,319 to JPY3,190.0, with March27, 2025 as the valuation base date, based on the closing price of the Company Shares on the Prime Market of the TSE on the Valuation Date (JPY3,190.0), the simple average of the closing price of the Company Shares for the most recent one month (from February 28, 2025 to March 27, 2025) (JPY2,891), the simple average of the closing price for the most recent three months (from December 28, 2024 to March 27, 2025) (JPY2,850), and the simple average of the closing price for the most recent six months (from September 28, 2024 to March, 27, 2025) (JPY2,319).

Under the DCF analysis, J.P. Morgan conducted a sum-of-the-parts analysis by categorizing the businesses of the Company group into the Positioning Business and the Eye Care Business, and evaluating the value of each business respectively. For the Positioning Business, the business plan prepared by the Company for the purpose of the Transaction for the fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031 was used. For the Eye Care Business, the business plan prepared by the Company for the purpose of the Transaction for the fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2033 was used (these two business plans are hereinafter collectively referred to as the “Business Plan”). Based on the earnings projections and investment plans in the Business Plan (Note 1), the free cash flow expected to be generated by each of the Company’s businesses from the fiscal year ending March 2026 onwards is discounted to its present value using a specific discount rate applied to each business, which provides the business value of each business. By summing the business values of the two businesses, the overall business value of the Company was determined, resulting in a range of the equity value per share of the Company Shares calculated to be JPY 2,790 to JPY3,512. The range of the discount rates applied to the Positioning Business were 8.0% to 8.5%, and 10.5% to 11.0% for the Eye Care Business. For the calculation of terminal value, a perpetual growth rate method was used for both the Positioning Business and the Eye Care Business. The range of perpetual growth rates applied to the Positioning Business were 2.0% to 3.0%, and 2.5% to 3.5% for the Eye Care Business.

(Note 1) In the Business Plan, the projection period for the Positioning Business was set from the fiscal year ending March 2026 to the fiscal year ending March 2031, covering six years, while the projection period for the Eye Care Business was set from the fiscal year ending March 2026 to the fiscal year ending March 2033, covering eight years. This difference in the length of projection period is because the Company has determined that for the Positioning Business the period during which it can reasonably forecast and expect performance to stabilize is six years. In contrast, for the Eye Care Business, which anticipates the development of new services and the exploration of new markets, the Company has determined that such period is eight years.

The financial projections in the Business Plan are not based on the assumption of executing the Transaction, and do not reflect the synergy effects expected to be realized through the execution of the Transaction, as it is currently difficult to specifically estimate their impact on earnings. The Business Plan covers the fiscal years for the Positioning Business where a significant increase in free cash flow is anticipated (a 57.2% increase in the fiscal year ending March 2030 compared to the previous fiscal year). This is because the increase in free cash flow for that fiscal year is expected as a result of ongoing efforts to reduce selling, general and administrative expenses in the Positioning Business. Additionally, for the Eye Care Business, the fiscal years where a significant

increase in operating profit is anticipated (an increase of 85.9%, 58.3%, and 36.8% compared to the previous year in the fiscal years ending March 2027, March 2029, and March 2031, respectively) are covered. This is because continuous sales growth and improvement in operating profit margins are expected throughout the planning period for the Eye Care Business, including the current fiscal year, driven by the expansion of customer markets and service areas. The summary of financial projections for each of the Company's businesses, which were used as assumptions in the DCF analysis, are as follows:

Positioning Business (Unit: million JPY)

	FY ending March 2026	FY ending March 2027	FY ending March 2028	FY ending March 2029	FY ending March 2030	FY ending March 2031
Revenue	131,510	145,355	157,682	169,698	181,417	188,475
Operating income	9,091	11,079	13,317	15,308	16,666	17,460
EBITDA	21,617	24,592	26,169	24,621	29,690	26,305
Free Cash flow	11,500	9,924	9,751	7,139	11,221	8,550

Eye Care Business (Unit: million JPY)

	FY ending March 2026	FY ending March 2027	FY ending March 2028	FY ending March 2029	FY ending March 2030	FY ending March 2031	FY ending March 2032	FY ending March 2033
Revenue	87,798	106,125	124,856	140,699	155,532	177,485	200,581	223,019
Operating income	5,223	9,709	10,807	17,112	21,252	29,067	37,374	46,419
EBITDA	9,912	14,946	16,600	23,565	28,877	37,014	45,854	55,432
Free Cash flow	2,691	5,719	5,909	11,880	15,681	17,925	23,253	29,540

(III) Outline of the Fairness Opinion

As stated above, as of today, the Company obtained a Fairness Opinion from JP Morgan, which stated that the Tender Offer Price of JPY 3,300 per share is fair to the holders of the Company Shares (other than the Tender Offeror, the Tender Offeror Parent Company, KKR and its affiliates)

from a financial perspective, based on the assumptions outlined below. The Fairness Opinion was issued by JP Morgan following its analysis and review of the Business Plan and other financial information submitted by the Company, as well as question and answer sessions with the Company and the Strategic Special Committee. The preparation of the Fairness Opinion also involved a review of the valuation results of the Company Shares conducted by J.P. Morgan, question and answers sessions with the Company and the Strategic Special Committee regarding the background and reasons for supporting the Tender Offer, and approval by a Valuation & Fairness Opinion Committee of J.P. Morgan composed of professionals from J.P. Morgan's Investment Banking Division and other departments, in accordance with J.P. Morgan's internal procedures.

(Note) In expressing the opinions stated in the Fairness Opinion and evaluating the value of the Company Shares in the Valuation Report upon which those opinions are based, J.P. Morgan assumed that all information, including public information, information provided by the Strategic Special Committee, the Company, and the Tender Offeror, and information discussed with the Strategic Special Committee, the Company, and the Tender Offeror, as well as any other information that J.P. Morgan reviewed or had reviewed on its behalf, is accurate, reasonable and complete. J.P. Morgan has not independently verified the accuracy, reasonableness and completeness of that information (nor does it assume any responsibility or obligation to do so). J.P. Morgan has not conducted any evaluation or assessment of any assets or liabilities of the Tender Offeror or the Company and/or its affiliates and no such evaluation or assessment has been conducted on its behalf. Additionally, J.P. Morgan has not evaluated the creditworthiness of the Tender Offeror or the Company under any laws or regulations related to insolvency, suspensions of payments, or similar matters. In relying on the financial analyses and forecasts submitted by the Company or derived therefrom, J.P. Morgan assumed that those analyses and forecasts were reasonably prepared based on the best estimates and judgments of the management of the Company regarding the future performance and financial condition of the Company as of the time of the preparation of the Valuation Report and the Fairness Opinion. J.P. Morgan does not express any opinion on those analyses or forecasts or on the assumptions on which they are based. Additionally, J.P. Morgan assumes that the Transaction, including the Tender Offer, will be executed as described in the Tender Offer Agreement, and that the final version of the Tender Offer Agreement will not differ in any material respect from the draft submitted to J.P. Morgan. J.P. Morgan has also assumed that the representations and warranties made by the Company, the Tender Offeror, the Tender Offeror Parent Company, KKR and /or its affiliates in the Tender Offer Agreement and the related agreements are and will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not an expert in legal, regulatory, tax, accounting, or similar matters and has relied on the judgment of the advisors of the Company on those matters. Further, J.P. Morgan assumes that all important consents and approvals from governments, regulatory authorities, and other parties required for the execution of the Transaction will be obtained without adversely affecting the benefits expected to be enjoyed by the Company from the execution of the Transaction. The Fairness Opinion and the underlying valuation results in the Valuation Report are necessarily based on the information available to J.P. Morgan as of the date of the Fairness Opinion and on the economic, market, and other

conditions as they existed on that date. Events occurring after that date might affect the content of the Fairness Opinion and the underlying valuation results set out in the Valuation Report. However, J.P. Morgan is under no obligation to revise, change, or reaffirm its analysis or opinions. The Fairness Opinion only expresses an opinion that the Tender Offer Price is fair to the holders of the Company Shares (other than the Tender Offeror, the Tender Offeror Parent Company, KKR and its affiliates) from a financial perspective under certain conditions. It does not express an opinion on the fairness of the Tender Offer Price to the holders of any type of the Company's securities, creditors, or other stakeholders of the Company, nor does it express any opinion on the appropriateness of the Company's decision to proceed with the Transaction. Additionally, the Fairness Opinion and the underlying valuation results in the Valuation Report do not constitute a recommendation to the Company or its Board of directors, or to the Tender Offeror or its Board of directors, regarding any specific tender offer price, nor do they recommend that any specific tender offer price is the only appropriate price. Furthermore, J.P. Morgan does not express any opinion on the amount or nature of any compensation related to the Tender Offer Price in the Transaction for any officers, directors, employees, or any parties involved in the Tender Offer or any related parties in any position, nor does it express an opinion on the fairness of any such compensation. Further, J.P. Morgan does not express any opinion regarding the future trading price of the Company Shares. The business plans and financial projections of the Company furnished to J.P. Morgan by the Company (the "Financial Forecasts") were prepared by the management of the Company. The Company has not publicly disclosed the Financial Forecasts provided to J.P. Morgan in connection with J.P. Morgan's preparation of the Fairness Opinion, and its evaluation of the value of the Company Shares on which the Fairness Opinion was based, nor were the Financial Forecasts prepared for the purpose of public disclosure. The Financial Forecasts are inherently uncertain and depend on numerous variables and assumptions beyond the control of the Company's management. These include, but are not limited to, factors related to general economic conditions, competitive conditions, and prevailing interest rates. Therefore, actual performance might differ significantly from the Financial Forecasts. The opinions expressed in the above-mentioned Fairness Opinion, and the results of the evaluation of the value of the Company Shares and the summary of the valuation methods outlined in the Valuation Report upon which those opinions are based, do not encompass all the analyses conducted or data referenced by J.P. Morgan. The Fairness Opinion and the Valuation Report were prepared through a complex process, so any partial or summarized description of certain analysis results in those documents will not necessarily accurately represent the entirety of the analysis. The results of the analysis by J.P. Morgan must be considered as a whole, and relying on only a part or a summary of those results without considering the analysis results in their entirety might result in an incorrect understanding of the processes underlying the analysis and opinions of J.P. Morgan. In expressing its opinion, J.P. Morgan has considered each analysis and factor holistically and comprehensively, without assigning undue weight to any specific analysis or factor. Moreover, J.P. Morgan does not express an opinion on whether any particular analysis or factor was the primary basis for its opinion, or the extent to which any individual analysis or factor contributed to its opinion. J.P.

Morgan is a financial advisor and third-party valuation firm of the Company in connection with the Transaction, including the Tender Offer, and is expected to receive compensation from the Company for its services as financial advisor and third-party valuation firm. A substantial portion of this compensation will become payable only if the Transaction, including the Tender Offer, is completed. Further, the Company has agreed to indemnify J.P. Morgan for certain liabilities that might arise out of its services. During the two years preceding the date of the Fairness Opinion, J.P. Morgan and its affiliates have had investment banking relationships with the Company for which J.P. Morgan and its affiliates have received customary compensation. Such services during such period have included acting as financial advisor to the Company under an ongoing strategic defense advisory mandate. During such period, neither J.P. Morgan nor its affiliates have had any other material financial advisory or other material commercial or investment banking relationships with the Company. During the two years preceding the date of the Fairness Opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with KKR and certain of its affiliates and portfolio companies, for which J.P. Morgan and its affiliates have received customary compensation. Such services during such period have included providing financial advisory services, debt syndication, debt underwriting and equity underwriting services to those entities. In addition, J.P. Morgan's commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of KKR and its affiliates and of the KKR's portfolio companies, for which it receives customary compensation or other financial benefits. During the two years preceding the date of the Fairness Opinion, J.P. Morgan and its affiliates have had investment banking relationships with JICC for which J.P. Morgan and its affiliates have received customary compensation. Such services during such period have included acting as buy-side financial advisor to JICC in its acquisition of JSR Corporation, which transaction closed in June 2024. In addition, J.P. Morgan and its affiliates hold, on a proprietary basis, less than 1% of outstanding common stock of each of the Company and KKR. In the ordinary course of their businesses, J.P. Morgan and its affiliates may trade the debt and equity securities or financial instruments (including derivatives, bank loans or other obligations) of the Company or KKR and its affiliates for its own account or for the accounts of customers and, accordingly, J.P. Morgan and those affiliates may at any time hold long or short positions in such securities.

(IV) Outline of valuation of the Share Options

The Share Options are priced such that the purchase price of the Share Options was set at the amount obtained by multiplying the difference between the Tender Offer Price, JPY 3,300, and the exercise price of the Share Options per share of the Company Shares by the number of the Company Shares to be issued upon exercise of one unit of the Share Options. As a result, the Company has not obtained a valuation report or Fairness Opinion regarding the purchase price of the Share Options from a third-party appraiser. Additionally, all of the Share Options require approval from the board of directors of the Company for their acquisition by way of transfer as stipulated in the terms and conditions of Share Options. Further, the transfer of the Share Options is prohibited under

the Share Options allotment agreements. To enable the transfer of the Share Options, the Company resolved at a meeting of the board of directors held today to provide a blanket approval for the transfer of the Share Options to the Tender Offeror by having the Share Options Holders tender their Share Options in the Tender Offer on the condition that the Tender Offer is successfully completed. The Company also resolved to amend the Share Options allotment agreements with the Share Options Holders that wish to transfer their Share Options, allowing for those transfers.

(V) Outline of valuation of the ADRs

The purchase price for the ADRs has been determined to be the same as the Tender Offer Price of JPY 3,300. As a result, the Company has not obtained a valuation report or Fairness Opinion regarding the purchase price for the ADRs from a third-party appraiser.

(4) Expected delisting and reasons therefor

The Company Shares are listed on the Prime Market of the Tokyo Stock Exchange as of today. However, since the Tender Offeror has not set a limit on the maximum number of shares to be purchased in the Tender Offer, the Company Shares might be delisted through prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange, depending on the result of the Tender Offer. In addition, even if those criteria do not apply at the time of the completion of the Tender Offer, the Squeeze-out Procedure is intended to take place after the completion of the Tender Offer as described in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two-Step Acquisition”)” below, so if those procedures are carried out, the Company Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. After the delisting, it will no longer be possible to trade the Company Shares on the Tokyo Stock Exchange.

(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called “Two- Step Acquisition”)

If the Tender Offeror is unable to acquire all of the Company Securities through the Tender Offeror, it intends to take the Company private after the completion of the Tender Offer by one of the following methods.

(I) Share Cash-out Demand

If, after the successful completion of the Tender Offer, the Tender Offeror holds 90% or more of the voting rights of all of the Company shareholders, the Tender Offer plans to, promptly after completion of the settlement of the Tender Offer, pursuant to the provisions of Article 179, Paragraphs 1 and 2 of the Companies Act, demand that all shareholders of the Company (excluding the Tender Offeror and the Company) (“**Cashing-out Shareholders**”), sell all of their

Company Shares (**“Cash-out Shares”**) (**“Share Cash-out Demand”**), and demand that all Share Option holders (**“Cashing-out Share Option Holders”**) sell all of their Share Options (**“Cash-out Share Options”**) (**“Share Option Cash-out Demand”**, and together with the **“Share Cash-out Demand”**, the **“Securities Cash-out Demand”**). However, as stated in **“(II) Share Consolidation”** below, even if the Tender Offeror comes to hold 90% or more of the voting rights of all of the Company shareholders after the successful completion of the Tender Offer, there is a possibility that the Share Consolidation will be adopted as a method of taking the Company private, rather than the Securities Cash-out Demand. In the Share Cash-out Demand, it is planned that the consideration for each Cash-out Share will be the delivering of the same amount of money to the Cashing-out Shareholders as that of the Tender Offer Price, whereas in the Share Option Cash-out Demand, it is planned that the consideration for each Cash-out Share Option will be the delivering of the same amount of money to the Cashing-out Share Option Holders as that of the Share Option Purchase Price. In such cases, the Tender Offeror will notify the Company to that effect and request the Company’s approval of the Securities Cash-out Demand. The Company will approve the Securities Cash-out Demand by a resolution of its board of directors. If so, the Tender Offeror will acquire all of the Cash-out Shares from the Cashing-out Shareholders, and all of the Cash-out Share Options from the Cashing-out Share Option Holders, on the acquisition date provided for in the Securities Cash-out Demand in accordance with the procedures set forth in relevant laws and regulations, and without the need for individual consent from the Cashing-out Shareholders and Cashing-out Share Option Holders. In this case, as consideration for the Company Shares held by the Cashing-out Shareholders and the Share Options held by the Cashing-out Share Option Holders, the Tender Offeror plans to deliver such Cashing-out Shareholders an amount of money equal to the Tender Offer Price per Company Share, and to deliver to such Cashing-out Share Option Holders an amount of money equal to the Share Option Purchase Price per Share Option.

With respect to the Restricted Shares, the allotment Agreement provides that (a) if during the transfer restriction period, matters related to a cash-out demand for the common shares of the Company are approved by the board of directors of the Company (however, only if the acquisition date of the cash-out shares (the **“Squeeze-out Effective Date (Cash-out Demand)”**) occurs before the expiration of the transfer restriction period), the board of directors of the Company shall resolve to lift the transfer restrictions on the number of Restricted Shares calculated by dividing the number of months from the month including the payment date of the Restricted Shares to the month including the date of such approval by 12 (if this number exceeds one, it will be set at one), multiplied by the number of Restricted Shares held by the grantee on the date of such approval, as of the time immediately before the business day prior to the Squeeze-out Effective Date (Cash-out Demand), and (b) in the case of (a) above, the Company will automatically acquire all of the Restricted Shares for which transfer restrictions have not been lifted as of the business day prior to the Squeeze-out Effective Date (Cash-out Demand) on the same day without compensation. In the Squeeze-out Procedure, it is planned that in accordance with the provision (a) of the allotment Agreement described above, the Restricted Shares for which the transfer restrictions have been lifted as of the business day prior to the Squeeze-out Effective Date (Cash-out Demand) shall be subject to the Share Cash-out Demand, and in accordance with the provision (b) of the allotment Agreement described above, the Restricted Shares for which the transfer restrictions have not been lifted as of the business day prior to the Squeeze-out Effective Date (Cash-out Demand) shall be acquired by the Company without compensation. Since the Company Shares subject to

the Share Cash-out Demand include the Company Share represented by ADRs and held by the Depositary Banks, if the above approval is granted, the Depositary Banks will receive a cash amount equal to the Tender Offer Price multiplied by the number of such Company Shares.

The Companies Act provides that, in order to protect the rights of minority shareholders in relation to the matters above, the Cashing-out Shareholders and Cashing-out Share Option Holders may, in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations, petition the court for a determination of the purchase price of the Cash-out Shares and Cash-out Share Options. The purchase price of the Cash-out Shares and Cash-out Share Options using this method will ultimately be determined by the court. The ADRs Holders who wish to file a pricing application must deliver their ADRs to the Depositary Bank and receive delivery of the Company Shares deposited with such Depositary Bank before filing the above application pursuant to Article 179-8 of the Companies Act and other relevant laws and regulations.

(II) Share Consolidation

If, after the successful completion of the Tender Offer, the Tender Offeror holds less than 90% of the voting rights of all of the Company shareholders or the Tender Offeror comes to hold 90% or more of the voting rights of all of the Company shareholders and the Tender Offeror does not make a Securities Cash-out Demand, the Tender Offeror plans to (i) request that the Company perform a share consolidation of the Company Shares pursuant to Article 180 of the Companies Act (“**Share Consolidation**”) and (ii) request that the Company hold an extraordinary general shareholders meeting (“**Extraordinary General Shareholders Meeting**”), which is to include a proposal about a partial amendment to the Company’s Articles of Incorporation whereby the provision concerning the number of shares that constitute one unit shall be abolished subject to effectuation of the Share Consolidation. The Tender Offeror believes that it is desirable to hold the Extraordinary General Shareholders Meeting as early as possible from the perspective of enhancing the value of the Company, and it plans to request that the Company make a public announcement about setting a record date during the Tender Offer Period so that the date immediately following commencement of settlement of the Tender Offer will be the record date for the Extraordinary General Shareholders Meeting. The Company plans to comply with such requests. The date of the Extraordinary General Shareholders Meeting has not been determined at this time, but if the Tender Offer is commenced by the end of July 2025, it is scheduled to be held in around October 2025. If the proposal for the Share Consolidation is approved at the Extraordinary General Shareholders Meeting, on the date on which the Share Consolidation becomes effective, the shareholders of the Company will own the number of Company Shares in accordance with the Share Consolidation ratio approved at the Extraordinary General Shareholders Meeting. In this case, if the number of shares resulting from the Share Consolidation results in fractions of less than one share, the money obtained by selling the fractions to the Company or the Tender Offeror in a number equivalent to the sum total of such fractional shares (if the total sum includes fractional shares of less than one share, such sum shall be rounded down to the nearest whole number; hereinafter the same) will be delivered to shareholders of such fractional shares of the Company in accordance with the procedures stipulated in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sales price for the Company Shares in the number equivalent to the sum total of such fractional shares, the

Tender Offeror plans to set such price so that the amount of money delivered as a result of such sale to the shareholders of the Company that did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) will be equal to the amount calculated by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder, and then request that the Company file a petition for permission for sale by private contract with the court. Further, although the ratio of the Share Consolidation is undecided as of today, to ensure that only the Tender Offeror will own all Company Shares, it is planned that the number of shares that shareholders of the Company (excluding the Tender Offeror and the Company) that do not tender shares in the Tender Offer will come to possess will be a fraction of less than one share. Since the Company Shares subject to the Share Consolidation include the Company Shares represented by ADRs and held by the Depositary Banks, if the above decision is made, the number of shares of the Company held by the Depositary Banks after the Share Consolidation will also be a fraction of less than one share.

As a provision for the purpose of protecting the rights of minority shareholders in connection with the Share Consolidation, if the Share Consolidation is conducted and results in fractions of less than one share, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, the Companies Act provides that shareholders of the Company who do not tender in the Tender Offer (excluding the Tender Offeror and the Company) may demand that the Company purchase all of their shares that constitute fractions of less than one share at a fair price, and may file a petition with the court to determine the price of the Company Shares. As described above, in the Share Consolidation, since it is planned that the number of shares that shareholders of the Company who do not tender in the Tender Offer (excluding the Tender Offeror and the Company) will come to possess will be a fraction of less than one share, shareholders of the Company who oppose the Share Consolidation will be able to file a petition for price determination in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If the above petition is filed, the purchase price will be ultimately determined by the court. The ADRs Holders who wish to make a request for share purchase and to file a pricing application must deliver their ADRs to the Depositary Bank and receive delivery of the Company Shares deposited with such Depositary Bank before making the above request and filing the above application pursuant to Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations.

In addition, if, after the successful completion of the Tender Offer, the Tender Offeror holds less than 90% of the voting rights of all of the Company shareholders, and the Tender Offeror is unable to acquire all of the Share Options in the Tender Offer and any Share Options remain unexercised, the Tender Offeror will take, or plans to request that the Company take any measures reasonably necessary for the execution of the Transaction, including acquiring the Share Options, and recommending the Share Option Holders waive the Share Options.

The aforementioned procedures in items (I) and (II) above may take time to implement or the method of implementation may change depending on circumstances such as the amendment, enforcement, and interpretation by related authorities of relevant laws and regulations. However,

even in such cases, it is planned that if the Tender Offer is successfully completed, ultimately the method of delivering money to shareholders of the Company (excluding the Tender Offeror and the Company) that do not tender in the Tender Offer will be adopted, and in that case, the amount of money to be delivered to such shareholders of the Company will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares possessed by each such shareholder of the Company. In such cases, the amount of money to be delivered to the Depositary Bank in respect of the Company Shares represented by ADRs and held by the Depositary Banks will be the same, and the Depositary Bank will deliver to the ADRs holders, in accordance with the deposit agreement, the amount of money obtained by converting into U.S. dollars (rounded to the nearest cent) the amount of money delivered to the Depositary Bank, less the Depositary Bank's fees and taxes, etc., in proportion to the number of ADRs held by the Depositary Bank. In addition, if cash is delivered to the Share Option Holders of the Company who have not tendered in the Tender Offer, it will be calculated to be equal to the price obtained by multiplying the Share Option Purchase Price by the number of Share Options that were held by each such Share Option Holder.

With respect to the Restricted Shares, the allotment agreement stipulates that (a) during the transfer restriction period, if matters related to a share consolidation (limited to cases where such share consolidation results in the grantee holding fractions of less than one Restricted Share) is approved by a general shareholders meeting of the Company (provided, however, only in the case that the effective date of the Share Consolidation ("Squeeze-out Effective Date (Share Consolidation)") is prior to the expiry of the transfer restriction period), the transfer restrictions on the number of Restricted Shares obtained by multiplying the number of Restricted Shares held by the grantees as of the date of such approval, by the number of months from the month that includes the payment date of the Restricted Shares to the month that includes the approval date, divided by 12 (if the number exceeds 1, it shall be 1), will be lifted immediately before the business day preceding the Squeeze-out Effective Date (Share Consolidation), and (b) in the case of (a) above, on the business day preceding the Effective Date of Squeeze-out, the Company will acquire all of the Restricted Shares for which transfer restrictions have not been lifted as of the same day without compensation. In the Squeeze-out Procedure, it is planned that, in accordance with the provisions of (a) of the above allotment agreement, the Restricted Shares for which transfer restrictions have been lifted as of the business day preceding the Squeeze-out Effective Date (Share Consolidation) shall be subject to the Share Consolidation, and pursuant to the provisions of (b) of the above allotment agreement, the Restricted Shares for which transfer restrictions have not been lifted as of the business day preceding the Squeeze-out Effective Date (Share Consolidation) shall be acquired by the Company without compensation.

In addition, if the Tender Offeror fails to acquire all of the Share Options in the Tender Offer despite the completion of the Tender Offer, and any Share Options remain unexercised, the Tender Offeror plans to request that the Company implement procedures that are reasonably necessary for implementation of the Transaction, such as acquiring the Share Options and recommending that the Share Option Holders waive the Share Options.

The Tender Offer is not intended in any way to solicit the approval of the shareholders of the

Company (including the ADRs Holders) at the Extraordinary General Shareholders Meeting. In addition, shareholders of the Company and Share Option Holders should consult with tax experts at their own responsibility regarding the tax treatment of tendering in the Tender Offer or each of the above procedures.

(6) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer

In light of the fact that, among other things, the Tender Offer is being implemented as part of a Management Buyout (MBO), which raises issues of structural conflicts of interest, and from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading up to the decision on the implementation of the Tender Offer, and the avoiding of conflicts of interest, the Tender Offeror and the Company have implemented the following measures to ensure the fairness of the Transaction, including the Tender Offer. Among the matters stated below, the statements regarding the measures taken by the Tender Offeror are based on explanations received from the Tender Offeror.

(I) Receipt and consideration of proposals from a number of potential purchasers

In consideration of the Transaction, the Company, based on the advice of the Strategic Special Committee, has conducted so-called active market checks (including bidding processes prior to the announcement of the Transaction) to investigate and consider the existence of potential buyers in the market. Through the bidding processes, the Company has endeavored to promote and maintain a competitive environment among potential buyers by receiving proposals from multiple potential buyers and proceeding with negotiations while comparing and considering them.

(II) Obtainment by the Company of a share price valuation report and the Fairness Opinion from an independent third-party appraiser

In expressing its opinion on the Tender Offer, as stated in “(II) Outline of valuation” in “(3) Matters related to the valuation” above, the Company engaged J.P. Morgan, the financial adviser of the Company, as a third-party appraiser independent of the related parties of the Tender Offer to calculate the value of the Company Shares and submit a Fairness Opinion to the effect that the Tender Offer Price is fair to the Company’s shareholders (other than the Tender Offeror, the Tender Offeror Parent Company, KKR and its affiliates) from a financial point of view, in order to ensure the fairness of the Tender Offer Price and the fairness of the Transaction, including the Tender Offer, and obtained a Share Price Valuation Report as of today and the Fairness Opinion as of today. Furthermore, J.P. Morgan is not a related party of the Tender Offeror, Tender Offeror Parent Company, KKR or the Company and does not have any material interests in the Tender

Offer.

Moreover, the remuneration paid to J.P. Morgan in connection with the Transaction includes a contingency fee that is subject to the successful completion of the Transaction and other conditions. The Company appointed J.P. Morgan as its financial advisor and third party appraiser under the aforementioned remuneration system, based on the determination that inclusion of a contingency fee subject to the successful completion of the Tender Offer would not negate its independence and there is also a certain economic rationale for the Company., in consideration of the standard practice in similar transactions and the demerits of a compensation structure that could impose a substantial financial burden on the Company even if the Transaction is not successful. In addition, the Strategic Special Committee has approved the financial advisor and third party appraiser appointed by the Company, since there are no issues of independence or expertise with the financial advisor and third party appraiser, and the Strategic Special Committee has confirmed that it would also be able to obtain professional advice as needed.

(III) Obtainment by the Company of Advice from an independent law firm

In order to ensure the fairness, objectivity and appropriateness of the decision-making process of the Company's board of directors regarding the Transaction, including the Tender Offer, the Company selected Nagashima Ohno & Tsunematsu, as a legal advisor independent from a related party of the Tender Offeror, Tender Offeror Parent Company, KKR and the Company, and has received the necessary legal advice from this firm on the method and process for decision making by the Company's board of directors, including the various procedures related to the Transaction, and on other points of note. Furthermore, Nagashima Ohno & Tsunematsu is not a related party of the Tender Offeror, Tender Offeror Parent Company, KKR or the Company, and does not have any material interests in the Transaction. In addition, the fees to be paid to Nagashima Ohno & Tsunematsu are calculated by multiplying an hourly rate by the number of hours worked, regardless of the outcome of the Transaction, and do not include any contingency fee subject to the successful completion of the Transaction. The Special Strategic Committee has confirmed that there are no issues of independence or expertise with the legal counsel appointed by the Company.

(IV) Establishment of an independent special committee and obtainment of a report from the special committee by the Company

(i) Background to Establishment

As described in “(ii) Discussions between the Tender Offeror and the Company and decision-making process by the Tender Offeror, etc.” under “(ii) Background, purpose and decision-making process leading to the decision by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer” above, the Company believes that, in evaluating

management options for the long-term enhancement of its corporate value, it is essential to ensure the fairness and transparency of such evaluation process. Furthermore, if the Company were to decide to go private, it would also consider doing so through a Management Buyout (MBO), on the assumption that such a transaction would involve a squeeze-out. Accordingly, by resolution of the board of directors at its meeting held on July 30, 2024, the Company established the Strategic Special Committee, composed of five of the Company's outside directors (Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba, Mr. Naoki Hidaka, Mr. Katsuhiro Teramoto, and Mr. Hajime Nakai), each of whom is independent of Mr. Eto. The members of this Strategic Special Committee are expected to receive compensation for their services as committee members, in addition to their regular compensation as directors. However, such compensation is fixed and payable regardless of the content of the Advisory Report, thereby ensuring the independence of the members of the Strategic Special Committee from the outcome of this transaction. Subsequently, following Mr. Eto's expression of his intent at the Strategic Special Committee to pursue taking the Company private through a Management Buyout (MBO), and given that the proposal for the Transaction is being developed on the basis of a Management Buyout (MBO), the board of directors of the Company, at its meeting held on January 30, 2025, resolved to consult the Strategic Special Committee on the following matters (collectively, **"Matters for Consultation"**):

1. The reasonableness of the purpose of the Transaction (including whether the Transaction will contribute to the enhancement of the Company's corporate value);
2. The appropriateness of the terms and conditions of the Transaction;
3. The fairness of the procedures related to the Transaction;
4. Whether the Transaction would be disadvantageous to the Company's general shareholders; and
5. Whether the Company's Board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

In addition, in referring the Matters for Consultation to the Strategic Special Committee, the Company's Board of directors also resolved that: (i) in making its decision regarding the Transaction, it would fully respect the Strategic Special Committee's conclusions, and if the Strategic Special Committee determines that the terms of the Transaction are not appropriate and that the Board of directors should not approve the Transaction, the Board of directors would not approve the Transaction; (ii) the Strategic Special Committee may collect any information necessary to examine the Matters for Consultation (including requiring the attendance of directors, employees, and any other persons it deems necessary to attend its

meetings); (iii) at the Company's expense, the Strategic Special Committee may independently retain or appoint financial advisors, legal advisors, third-party valuation firms, and any other advisors (and may also seek professional advice from the Company's advisors); (iv) the Strategic Special Committee has the authority to negotiate with the Tender Offeror; and (v) the Strategic Special Committee is granted such other authority as is necessary to examine the Matters for Consultation.

(ii) Process of Consideration

The Strategic Special Committee held 17 meetings between July 30, 2024, and March 28, 2025 to deliberate on the Matters for Consultation.

Specifically, the Strategic Special Committee reviewed various materials, including the Share Valuation Report, the Fairness Opinion, the press release regarding the Company's announcement of its opinion on the Transaction (the "**Company Press Release**"), the draft Tender Offer Agreement, and a series of other materials distributed to the Strategic Special Committee in connection with its review of the Transaction and the negotiation of the Tender Offer Price, including the proposal documents received from each Candidate during the Take-Private Process.

In addition, in order to examine the Matters for Consultation, the Strategic Special Committee conducted multiple rounds of interviews with the Company regarding the Transaction, during which it confirmed the Company's current assessment of its business, the significance and purpose of the Transaction, and the potential impact of the Transaction on the Company. The members of the Strategic Special Committee also interviewed Mr. Eto regarding the significance and purpose of the Transaction and the status of discussions with the Candidate during the Take- Private Process.

In addition, the members of the Strategic Special Committee received an explanation from the Company regarding the Business Plan, conducted a question-and-answer session, and interviewed J.P. Morgan, from which it received a detailed explanation of the share valuation methods and processes used in the valuation of the Company Shares, as well as the considerations taken into account in such valuation.

Furthermore, in relation to the background of the negotiations on the terms and conditions of the Tender Offer (including the Tender Offer Price), J.P. Morgan and the Company provided the Strategic Special Committee with detailed explanations of the content of the Take- Private Process and the status of negotiations between the Company and the Candidates in the Take- Private Process. The members of the Strategic Special Committee themselves also took an active role in such negotiations by expressing their views on the negotiations each time an explanation was provided.

Separately, the Strategic Special Committee received explanations from Nagashima Ohno &

Tsunematsu, the Company's legal advisor, regarding the contemplated structure of the Transaction, the measures implemented in the Company's decision-making process to avoid conflicts of interest, and the implementation status of such measures, as well as the status and details of the negotiations on the Tender Offer Agreement. The Strategic Special Committee also received legal advice from Nakamura, Tsunoda & Matsumoto, its legal advisor, on matters such as the manner in which the Strategic Special Committee should be managed.

(iii) Details of Determination

In light of the background above and after careful deliberation and consideration of the Matters for Consultation, as of today, the Strategic Special Committee, with the unanimous consent of all Committee members, submitted the Advisory Report to the Company's Board of directors outlining, in essence, the following:

a. Content of Advisory Report

1. The Transaction will contribute to the enhancement of the Company's corporate value, and its purpose is reasonable.
2. The fairness and appropriateness of the terms and conditions of the Transaction (including the method of implementing the Transaction and the adequacy of the consideration) have been ensured.
3. The fairness of the procedures for the Transaction has been ensured.
4. In light of Items 1. through 3. above, the decision to implement the Transaction is not considered to be disadvantageous to the Company's general shareholders.
5. It is considered reasonable for the Company's Board of directors to express its opinion in support of the Tender Offer and to recommend that the Company's shareholders and Stock Acquisition Right holders tender their shares in the Tender Offer.

b. Reasons for the Advisory Report

I. Reasonableness of the purpose of the Transaction

Based on the following considerations, the Transaction is considered to contribute to the enhancement of the Company's corporate value, and its purpose is considered to be reasonable.

- In order to achieve further growth and enhance the Company's corporate value, it is necessary to pursue a long-term, sustainable business transformation. However, such transformation may adversely affect the Company Group's earnings and cash flow in the short term and may not be fully appreciated by the capital markets, which tend to prioritize short-term performance. Accordingly, in order to accelerate fundamental transformation initiatives, it is also considered reasonable to take the Company private, thereby establishing a management structure under which specific shareholders, serving as partners, and management are aligned.
- Among the possible methods of taking the Company private, as to proceeding using a Management Buyout (MBO), the sophisticated management expertise is particularly important to cultivate new businesses, such as the eye care solutions business, which require the careful management of various risks. Given that Mr. Eto is well-versed in the Company's business characteristics, it is believed to be a beneficial option for enhancing the Company's corporate value that he remains involved in the Company's management post-Transaction and lead the business transformation efforts.
- KKR has expressed its intention to support the Company's management policy following the Transaction, which involves protecting the Company's strengths as a manufacturer, the source of its corporate value, while simultaneously pursuing global expansion of its solution business and aiming for sustainable business growth in each sector through appropriate up-front investments and reinvestments for new business creation.
- In addition, as JICC is expected to make an indirect minority investment in the Company through the Transaction, the Company is also expected to receive ongoing support from JICC for its businesses, including those in the space and defense sectors.
- As for the potential disadvantages associated with the Transaction, they typically include those associated with taking a company private, such as (1) the inability to raise capital through equity financing from capital markets and (2) the loss of benefits typically enjoyed by listed companies, such as enhanced name recognition and public trust. However, in relation to (1), given the Company's current financial situation and related circumstances, it is believed that the Company can secure the necessary funding through its internal resources and borrowings from financial institutions. Therefore, at least in the short term, there is no pressing need for equity financing. In relation to (2), given the Company's long history as a listed company, it has already established sufficient name recognition and public trust in its relationships with its business partners. Accordingly, the impact of delisting is considered limited. As a result, the benefits expected from implementing the Transaction are considered to outweigh the potential disadvantages.

II. Appropriateness of the terms and conditions of the Transaction

Taking into consideration the points set out below, the fairness and appropriateness of the terms and conditions of the Transaction (including its method of implementation and the

adequacy of the consideration) are considered to be ensured from the perspective of the Company's general shareholders.

A. Ensuring the status of negotiations

It is presumed that agreement on the Transaction was reached as a result of objective and consistent discussions between the Company and KKR, equivalent to those between independent parties, with the active involvement of the Strategic Special Committee. No circumstances were found that would call into question the transparency or fairness of the decision-making process.

B. Relationship between the Share Price Valuation and the Tender Offer Price

(a) Business Plan

Given that the valuation results provided by J.P. Morgan, which served as the main source of information in evaluating the fairness and appropriateness of the Tender Offer Price, were based on the Business Plan, the Strategic Special Committee reviewed both (i) the procedures involved in preparing the Business Plan, including confirming that no parties with a conflict of interest in relation to the Transaction were involved in preparing the Business Plan and (ii) the content of the Business Plan, including whether the Business Plan was based on excessively conservative estimates.

The Eye Care Business is expected to take more time than the Positioning Business for various measures to come to fruition, and if both businesses are planned for the same period, the future potential of the Eye Care Business may not be properly reflected in the Business Plan. Accordingly, the Eye Care Business is planned through the fiscal year ending March 31, 2033, while the Positioning Business is planned through the fiscal year ending March 31, 2031. In this way, it is recognized that the Business Plan sets a reasonable period for each business in light of the actual state of the Company's business and future prospects.

In addition to the downward revision on January 30, 2025 of the earnings forecast for the fiscal year ending March 2025, the Company has revised the Business Plan based on the latest earnings and future prospects before the commencement of the Final Bidding Procedures. These revisions reflect a rational outlook based on the current situation, including the fact that the recovery of the Positioning Business in North America is slower than expected and the delay in the progress of the Eye Care Business's solution business, a new business. The Company has re-examined items that it had previously thought would be achieved at an earlier stage, and now expects that they will take longer to grow than initially expected.

As such, the revisions to the Business Plan are made based on objective progress in performance, etc., and are not made arbitrarily to push down the plan or change the content of the business as envisaged in the Business Plan before the revision, so they are not considered unreasonable.

As a result of this review, the Strategic Special Committee concluded that no arbitrary pressure was exerted by the Tender Offeror in the process of preparing the Business Plan or its content, and that the Business Plan is reasonable.

(b) Calculation method

According to the question and answer correspondence with the Strategic Special Committee and the explanations regarding the Share Valuation Report provided to J.P. Morgan and the Strategic Special Committee, the average market price method and the DCF method, which are calculation methods used by J.P. Morgan, are calculation methods generally used in calculating the value of shares in transactions of the same type as the Transaction, and there were no unreasonable points in the reasons why J.P. Morgan used each of these calculation methods. Accordingly, there was deemed to be no unreasonable points regarding J.P. Morgan having used each of these calculation methods to calculate the value of the shares of the Company.

In the average market price method, J.P. Morgan adopted the closing price on the record date (March 27, 2025), the simple average closing prices for the last one-month period, the simple average closing prices for the last three-month period, and the simple average closing prices for the last six-month period. It is common for the average market price method to adopt the closing price on the record date, the simple average closing prices for the last one-month period, the simple average closing prices for the last three-month period, and the simple average closing prices for the last six-month period, and there are no unreasonable points in the calculation results of the average market price method.

In addition, J.P. Morgan conducted a Sum of the Parts analysis in which the Company Group's businesses were classified into the Positioning Business and the Eye Care Business for the purpose of valuing the businesses using the DCF method. There is nothing unreasonable about the adoption of a Sum of the Parts analysis as the Business Plan sets a reasonable period for each business, and the Eye Care Business includes the new solution business, which is different in nature from the Positioning Business as stated in B. (a) above.

Also, in the calculation process of the DCF method, free cash flow is calculated by adding and subtracting general items, and as this is consistent with the financial figures in the Business Plan, it is considered to be reasonable. The adoption of WACC as the discount rate, the basis for the adoption of the risk-free rate, equity risk premium and beta value

figures in that case, and the adoption of the perpetuity method for the terminal value are also considered to be common methods in practice, and no unreasonable points are found.

Based on the above, there are no unreasonable points in the content of the calculation by J.P. Morgan.

(c) Share Price Valuation of Company Shares

The value of the Company Shares based on each of the calculation methods in the Share Valuation Report prepared by J.P. Morgan is as follows.

Calculation Method	Value per Share
Average market price method	2,319 yen to 3,190.0 yen
DCF method	2,790 yen to 3,512 yen

As stated above, the Tender Offer Price (3,300 yen per share) is (i) higher than the maximum valuation result calculated using the average market price method and (ii) higher than the mid-range valuation result calculated using the DCF method that represents the intrinsic Share Value of the shares of the Company.

(d) Obtaining Fairness Opinion

The Company has received the Fairness Opinion dated as of today from J.P. Morgan.

In light of the fact that nothing particularly unreasonable was found in the valuation results of the Company Shares as calculated by J.P. Morgan, etc., it may be considered for there to be nothing particularly unreasonable in the issuing process or contents of the Fairness Opinion, and the Strategic Special Committee believes that the Fairness Opinion can be assessed positively as a measure to ensure fairness.

(e) Review of premiums

The Tender Offer Price is the amount obtained by adding the below listed respective premiums to the closing price of the Company Shares on the Tokyo Stock Exchange through December 9, 2024, which is the business day prior to December 10, 2024, December 10, 2024 being the day on which speculative reports regarding the Take-Private

Process published.

Reference Price	Share Price	Premium
Closing price	1,756.5 yen	87.87%
Average closing price for previous 1 month	1,587 yen	107.94%
Average closing price for previous 3 months	1,567 yen	110.59%
Average closing price for previous 6 months	1,608 yen	105.22%

Also, the Tender Offer Price is the amount obtained by adding the below listed respective premiums to the closing price of the Company Shares on the Tokyo Stock Exchange through March 26, 2025, which is the business day prior to March 27, 2025, being the day on which second speculative reports regarding the Take-Private Process were made to the public.

Reference Price	Share Price	Premium
Closing price	2,970.0 yen	11.11%
Average closing price for previous 1 month	2,872 yen	14.90%
Average closing price for previous 3 months	2,845 yen	15.99%
Average closing price for previous 6 months	2,306 yen	43.10%

In addition, the Tender Offer Price is the amount obtained by adding the following respective premiums to the closing price of the Company Shares on the Tokyo Stock Exchange through March 27, 2025 (the “**Day Immediately Preceding Tender Offer Announcement Date**”).

Reference Price	Share Price	Premium
Closing price on Day Immediately Preceding Tender Offer Announcement Date	3,190.0 yen	3.45%
Average closing price for previous 1 month from Day Immediately Preceding Tender Offer Announcement Date	2,891 yen	14.15%
Average closing price for previous 3 months from Day Immediately Preceding Tender Offer Announcement Date	2,850 yen	15.79%
Average closing price for previous 6 months from Day Immediately Preceding Tender Offer Announcement Date	2,319 yen	42.30%

The premiums in recent cases of the same type that were used for reference (out of the Management Buyout (MBO) cases announced between June 28, 2019, when the Ministry of Economy, Trade and Industry published its “Guidelines for Fair M&A - Towards Improving Corporate Value and Securing Shareholder Profits,” and March 17, 2025, 74 cases were successfully concluded) by the Strategic Special Committee are as follows.

Premium	Average Value	Middle Value
Closing price on Day Immediately Preceding Tender Offer Announcement Date	46.56%	41.97%
Average closing price for previous 1 month from Day Immediately Preceding Tender Offer Announcement Date	49.68%	44.20%
Average closing price for previous 3 months from Day Immediately Preceding Tender Offer Announcement Date	52.21%	45.79%

Average closing price for previous 6 months from Day Immediately Preceding Tender Offer Announcement Date	52.17%	47.28%
-----------------------------------------------------------------------------------------------------------	--------	--------

Based on the above, although the premium of the Tender Offer Price based on the day immediately prior to the announcement is lower than the premium levels of similar cases in recent times, the impact of the two speculative reports regarding the Take-Private Process should not be underestimated in light of the movement of the Company's share price, and the premium of the Tender Offer Price based on the business day prior to the date of the first speculative report is significantly higher than the average and median values of similar cases in recent times, so it is recognized that the Tender Offer Price is sufficiently premium compared to similar cases.

(f) Advantages over other Candidates

The Transaction was selected from among the proposals received from several potential Candidates after undergoing the Take-Private Process, which is a bidding procedure. None of the other Candidates made a final proposal for the Transaction with a Tender Offer Price that was higher than in the proposal from KKR.

Accordingly, implementation of the Transaction by the Company is considered as being the selection of the most favorable terms for the ordinary shareholders of the Company from among the options that could realistically be adopted by the Company.

c. Reasonableness of scheme, etc.

In the Transaction, the Tender Offer, which will use cash as consideration, is planned as the first step, followed by a squeeze-out through a securities cash-out demand or a share consolidation as the second step after completion of the Tender Offer. This transaction scheme, including the cash consideration, is common in Management Buyouts (MBOs) sponsored by investment funds and does not harm the interests of the general shareholders of the Company. In addition, as a result of considering the main issues under the Tender Offer Agreement (including the conditions precedent to the commencement of the Tender Offer) based on the advice of Nagashima Ohno & Tsunematsu and of Nakamura, Tsunoda & Matsumoto, it was confirmed that the Tender Offer Agreement did not contain any agreement that would harm the interests of the general shareholders, and that there were no unreasonable points in executing the Transaction based on the Tender Offer Agreement.

In the Transaction, it is planned that Mr. Eto will subscribe for shares of the Tender Offeror

Parent Company after the Transaction and make the Reinvestment within the scope of the consideration acquired by tendering to the Tender Offer. The valuation of the Company Shares, which will be used as the basis for determining the price to be paid per share of the Tender Offeror Parent Company in the Reinvestment, is expected to be 3,300 yen, the same price as the Tender Offer Price, and it is not expected that any issuance will be made at a price lower than the Tender Offer Price. In light of the fact that the Transaction is a Management Buyout (MBO), there is a rationality to Mr. Eto's decision to conduct the Reinvestment after the Transaction, and from the perspective of ensuring the interests of general shareholders, there is no expected unfair transfer of value to Mr. Eto through the Reinvestment, and there are no unreasonable points in the terms of the Reinvestment.

Based on these considerations, the Transaction scheme can be said to be reasonable.

d. Reasonableness of Share Option Purchase Price

Since the Share Option Purchase Price was determined to be the difference between (i) the Tender Offer Price of 3,300 yen and the exercise price per Company Share for each Share Option (ii) multiplied by the number of Company Shares to be issued upon exercise of each such Share Option, for the same reasons as for the Tender Offer Price, the Share Option Purchase Price is considered to have been determined after the interests of the Share Option Holders had been sufficiently considered.

e. Reasonableness of Tender Offer price for ADS

In addition, the Tender Offer also covers the ADS represented by the ADR. Since the Tender Offer price for ADS was determined to be the same as the Tender Offer Price of 3,300 yen, for the same reasons as for the Tender Offer Price, the Tender Offer price for ADS is considered to have been determined after the interests of the ADR Holders had been sufficiently considered.

III. Fairness of Transaction procedures

Based on the fact that the following measures have been taken for the Transaction and that these measures have actually been effectively implemented, the fairness of the procedures for the Transaction has been ensured and it is considered that sufficient consideration has been given to the interests of the general shareholders of the Company through fair procedures in the Transaction.

A. Establishment of Strategic Special Committee.

The Company has established a Strategic Special Committee, which consists of five (5) independent outside directors of the Company who are independent from Mr. Eto. Each member is independent from the Company in light of the criteria for independence of outside directors of the Company, none of them has any material conflict of interest with any of the Candidates, including KKR, and each member is considered to be independent from all of the Candidates, including KKR. In addition, not only does each member have considerable knowledge of the business activities of the Company as outside directors of the Company, they also have abundant experience and deep insight in various fields, and therefore, each of them is considered to have the expertise and qualifications to consider the Matters for Consultation.

The members of the Strategic Special Committee are expected to receive, in addition to their regular executive compensation, compensation for their duties as members of the Committee, but since the compensation for their duties as members of the Committee is a fixed amount and will be paid regardless of the content of the report, the independence of the members of the Strategic Special Committee from the success or failure of the Transaction is also ensured.

The Strategic Special Committee (i) received advice from the legal advisor of the Strategic Special Committee, Nakamura, Tsunoda & Matsumoto, and the legal advisor of the Company, Nagashima Ohno & Tsunematsu, from a legal perspective on decision-making processes regarding the Transaction and operating procedures of the Strategic Special Committee; (ii) received explanations from the Company regarding the Business Plan and engaged in question-and-answer activities regarding the same; (iii) received a letter of intention and other proposals from each of the Candidates and, at Strategic Special Committee meetings, engaged in question-and-answer activities with Mr. Eto regarding the purpose of the Transaction and his view on the proposals from each of the Candidates; (iv) received explanations from the Company regarding its view on the purpose of the Transaction and related matters and engaged in question-and-answer activities regarding the same; (v) received reports from the third party valuation institution of the Company, J.P. Morgan, on both the share valuation report on the Company Shares and the Fairness Opinion, and engaged in question-and-answer activities regarding the same; and (vi) received explanations on Company press releases and drafts of the Tender Offer Agreement from the legal advisor of the Company, Nagashima Ohno & Tsunematsu, engaged in question-and-answer activities regarding the same, and has obtained sufficient information.

Furthermore, with respect to negotiations regarding the Tender Offer Price and other matters relating to the Tender Offer, the Strategic Special Committee receives information that was timely shared regarding the details of the tender offer price proposals from each

of the Candidates, including KKR, and the status of negotiations. The Strategic Special Committee then deliberated and examined the details thereof, taking into account opinions received from JP Morgan, and together with approving the negotiation position and strategy regarding such tender offer price related matters after engaging in internal discussions in advance, provided its opinion on important issues to be discussed in the negotiations, and issued specific instructions and/or requests, etc. In such ways, the Strategic Special Committee was substantively involved in the negotiation process regarding the transactional terms and conditions of the Transaction.

B. Company decision-making processes

From the perspective of avoiding any suspicion of conflict of interest, among the directors of the Company, Mr. Eto has not participated in any deliberations or resolutions of the directors of the Company in connection with the Transaction, including non-participation in the deliberations and resolutions that occurred at the above referred to board of directors meetings, nor has he participated in any discussions or negotiations with the Tender Offeror on behalf of the Company.

C. Obtaining professional advice from external experts

(a) Obtaining advice from legal advisors

The Strategic Special Committee has appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent of the Tender Offeror, the Tender Offeror Parent Company, KKR, and the related parties of the Company, and has received advice, including legal advice on measures to be taken regarding the Transaction to confirm the fairness, objectivity, and reasonableness of procedures, the various procedures of the Transaction, and the Company decision-making process and procedures regarding the Transaction.

In addition, in order to ensure the fairness, objectivity and appropriateness of the decision-making processes of the board of directors of the Company for the Transaction, including the Tender Offer, the Company has appointed Nagashima Ohno & Tsunematsu as its legal advisor independent of the Tender Offeror, the Tender Offeror Parent Company, KKR and related parties of the Company and has received from this firm necessary legal advice on the decision-making process and procedures of the board of directors, including various procedures and other points to be noted in connection with the Transaction.

(b) Obtaining Share Valuation Report and Fairness Opinion from third-party valuation institution

In expressing its opinion on the Transaction, including the Tender Offer, in order to ensure

the fairness of the Tender Offer Price and the fairness of the Transactions including the Tender Offer, the Company obtained a Share Valuation Report on the share value of the Company Shares from the financial advisor of the Company, J.P. Morgan, as well as a Fairness Opinion from J.P. Morgan, which states that the Tender Offer Price is fair to the common shareholders (excluding the Tender Offeror, Tender Offeror Parent Company, KKR and their related companies) of the Company from a financial point of view.

The Strategic Special Committee approved J.P. Morgan as the financial advisor and third-party valuation institution of the Company after confirming the independence, expertise and track record of J.P. Morgan, and received explanations on the expert advice provided by J.P. Morgan to the Company as necessary regarding price and other similar negotiations as necessary.

D. Market Checks

(a) Implementation of the Take-Private Process

In considering the Transaction, on the advice of the Strategic Special Committee, the Company has conducted so-called active market checks (including bidding procedures prior to the announcement of the Transaction) to investigate and consider whether there are potential buyers in the market. Through the bidding process, the Company has endeavored to foster and maintain a competitive environment among potential buyers by receiving proposals from multiple potential buyers and proceeding with negotiations while comparing and considering these proposals. Therefore, it is recognized that a so-called active market check is being carried out to investigate and consider the existence of potential acquirers in the market.

(b) Tender Offer Period and deal protection clauses

Although the Tender Offer Period of the Tender Offer has been generally set at 21 business days, it is expected that it will take more than 3 months between the announcement of the planned commencement of the Tender Offer and the actual commencement of the Tender Offer. Considering such period prior to the commencement of the Tender Offer, it is recognized that there is a reasonable opportunity for competing tender offers to be made by other potential acquirers.

In addition, although the Company has agreed with the Tender Offeror on certain deal protection clauses (including provisions on penalties in the event of a breach of the Company's obligations) in the Tender Offer Agreement, (i) in the event that a third party commences a tender offer with a tender offer price that exceeds the Tender Offer Price (“**Counter-Tender Offer**”) and (ii) in the event that a third party makes a serious proposal

in writing for a competing tender offer that is reasonably considered to be superior to the Transaction, the Company will not be prevented from providing the third party with the minimum necessary information or from holding discussions, negotiations or reaching agreements with such third party. Furthermore, under the Tender Offer Agreement, (i) if a Counter-Tender Offer is commenced by a third party (including cases where a tender offer that has already commenced meets the requirements for a Counter-Tender Offer; hereinafter the same shall apply), or if a legally binding and serious proposal for a competing tender offer is received, the Company may request consultations with the Tender Offeror regarding an increase in the Tender Offer Price, and (ii) if the Tender Offeror does not raise the Tender Offer Price to a price equal to or higher than the tender offer price for the Counter-Tender Offer within a certain period of time, the Company will be relieved of its obligation to maintain its recommendation of tendering to the Tender Offer. If the Tender Offeror does not raise the Tender Offer Price to a price equal to or higher than the Counter-Tender Offer price within a certain period of time in the event that the Counter-Tender Offer price exceeds the Tender Offer Price by 5% or more, the Company shall be exempted from the obligation to maintain its affirmative opinion on the Tender Offer, provided that the Company reasonably recognizes, based on the Strategic Special Committee's opinion or other reasonable grounds, there are specific concerns that the Company's directors have breached their duty of care in expressing or maintaining their affirmative opinion on the Tender Offer.

Based on the above, the deal protection clauses of the Tender Offer do not prevent the Company from holding discussions with the counter-proponent in the event that the counter-proponent commences a Counter-Tender Offer or makes a bona fide offer to do so. In addition, if the Tender Offeror does not accept an increase in the Tender Offer Price in the event that a Counter-Tender Offer is launched or a bona fide offer is made, the Company will be able to change its opinion on the Tender Offer under certain conditions. Therefore, the content of deal protection clauses is not unreasonable and it is not considered to unduly restrict the implementation of indirect market checks.

E. Majority of minorities

The minimum number of shares to be purchased in the Tender Offer will be set at 52,861,561 shares, and will be publicly announced. Such minimum number of shares to be purchased will exceed the majority (52,721,022 shares, which is the number corresponding to the so-called “**majority of minority**”) of the number of shares (105,442,043 shares), which is Total Shares Outstanding on a Fully Diluted Basis (105,512,097 shares) less the number of shares of the Company held by Mr. Eto (70,054 shares).

Therefore, it is recognized that the Tender Offer provides general shareholders with an

opportunity to make a decision that is substantially equivalent to the case where a majority-of-minority condition is set.

F. Enhancement of information provided to general shareholders and improvement in the transparency of processes

In addition to information regarding the Strategic Special Committee and the calculation of the share value, the Company's press release is expected to disclose substantial information regarding the process, etc. that led to the implementation of the Transaction, the background, purpose, etc. of choosing to conduct the Transaction at the relevant time, the specific details of the interests that the Company's directors, etc. have in relation to the Transaction, the existence or non-existence and form of the involvement of such directors, etc. in the process of forming the transaction terms, and the specific details of the discussions and negotiations between the Company and KKR regarding the transaction terms, etc.

Therefore, the Tender Offer is expected to ensure that the general shareholders will have an opportunity to make an appropriate decision based on sufficient information.

G. Considerations to prevent coercion

In the Transaction, it is planned that the Company be requested to hold an extraordinary shareholders' meeting promptly after the completion of the settlement of the Tender Offer, where the agenda items shall include the implementation of a Share Cash-out Demand or a Share Consolidation, and a partial amendment of the articles of incorporation to abolish provisions regarding the number of shares constituting one unit of shares on the condition that the Share Consolidation takes effect. In the event that cash is paid to shareholders and Share Option Holders who did not tender their shares in the Tender Offer, the amount will be calculated so that it will be the same as the price they would have received if they had tendered their shares in the Tender Offer, and it is planned that this will be disclosed in the Company's press release.

In addition, if a Securities Cash-out Demand is implemented, it will be ensured that the Company's shareholders and the Share Option Holders will have the right to file a petition with the court to determine the price, and in the case where a Share Consolidation is implemented, it will be ensured that the Company's shareholders will have the right to demand the Company purchase their shares and the accompanying right to file a petition with the court to determine the price

Furthermore, the Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer at 52,861,561 shares (ownership: 50.10%), and this minimum number

has been set by the Tender Offeror at a level that can secure the number of voting rights that makes the passing of the proposed resolution regarding the Share Consolidation possible unless the percentage of voting rights exercised at the Extraordinary General Shareholders Meeting significantly exceeds the historical percentage of voting rights exercised in the past, with reference to the percentage of voting rights exercised at the Company's ordinary general meetings of shareholders in the past, and in light of the number of shares in the Company with transfer restrictions that have been granted to the Company's directors and the number of shares held by passive index management funds, whose holders are expected to exercise their voting rights in favor of the resolution at the Extraordinary General Meeting of Shareholders even though they will not tender their shares in the Tender Offer. If the Tender Offer successfully occurs, since there is nothing particularly unreasonable about this explanation and it is practically guaranteed that there will be a cash-out as a result of the Share Consolidation, it is considered that the issue of coercion is eliminated.

Therefore, it can be said that consideration has been given to prevent coercion in this Transaction.

IV. Items 4 and 5 of the Matters for Consultation

As stated above, the Transaction will contribute to the improvement of the Company's corporate value, and the purpose of the Transaction is deemed reasonable; the fairness and appropriateness of the terms and conditions of the Transaction are deemed secured; and sufficient consideration has been given to the interests of the Company's general shareholders through fair procedures in the Transaction. As such, it is considered that it is not disadvantageous to the general shareholders of the Company for the board of directors of the Company to support the Tender Offer and to decide to express an opinion to recommend that the shareholders of the Company and the holders of the Share Options tender their shares or options in the Tender Offer and that the ADR Holders deliver their ADRs to the depositary bank in advance and receive the Company Shares related to the ADSs and tender the shares in the Tender Offer. In addition, it is considered that it is not disadvantageous to the general shareholders (i.e., the minority shareholders) of the Company for the board of directors of the Company to decide to implement the Squeeze-Out Procedures in order to make the Tender Offeror the only shareholder of the Company after the completion of the Tender Offer. For the same reasons as those stated above, it is also considered reasonable for the board of directors to express its opinion in favor of the Tender Offer and recommend that the Company's shareholders and holders of Share Options tender their shares or options in the Tender Offer and that the ADR Holders deliver their ADRs to the depositary bank in advance and receive the Company Shares related to the ADSs and tender the shares in the Tender Offer with respect to item 5 of the

inquired matters.

(V) Setting the minimum number to meet the majority of minority conditions

In the Tender Offer, the Tender Offeror has set 52,861,561 shares as the minimum number of shares to be purchased, and if the total number of Tendered Securities is less than the minimum number of shares to be purchased (52,861,561 shares), the Tender Offeror will not purchase any of the Tendered Securities. Such minimum number of shares to be purchased exceeds a majority of the number of shares (such amount being 105,442,043 shares) obtained by subtracting the number of Company Shares held by Mr. Eto (70,054 shares), who is in a structural conflict of interest with the minority shareholders as he is expected to invest in the Tender Offeror Parent Company after the completion of the Transaction and continue to manage the Company as the President & CEO of the Company, from the Total Shares Outstanding on a Fully Diluted Basis (105,512,097 shares) (such majority being 52,721,022 shares, the amount corresponding to the so-called majority of minority). As a result, if the Tender Offeror does not obtain the approval of a majority of the Company shareholders that have no vested interest in the Tender Offeror, the Tender Offeror will respect the intention of the Company minority shareholders, and will not conduct the Transaction, including the Tender Offer.

(VI) Obtainment by the Strategic Special Committee of advice from an independent law firm

The Strategic Special Committee, appointed Nakamura, Tsunoda & Matsumoto as a legal advisor independent from a related party of the Tender Offeror, Tender Offeror Parent Company, KKR and the Company, and has received legal advice that includes advice regarding the measures that should be adopted to confirm the fairness, objectivity and reasonableness of the procedures in the Transaction, the various procedures in the Transaction, and the method and course of decision making of the Company regarding the Transaction, and other matters. Furthermore, Nakamura, Tsunoda & Matsumoto is not a related party of the Tender Offeror, Tender Offeror Parent Company, KKR or the Company, and does not have any material interests in the opinion on the Tender Offer. In addition, the fees to be paid to Nakamura, Tsunoda & Matsumoto are calculated by multiplying an hourly rate by the number of hours worked, regardless of the outcome of the Transaction, and do not include any contingency fee subject to the successful completion of the Transaction.

(VII) Approval of disinterested directors of the Company and opinion of all auditors of the Company that they had no objection

The Company, based on the Share Price Valuation Report obtained from J.P. Morgan and the legal advice obtained from Nagashima Ohno & Tsunematsu, has given careful consideration to the terms and conditions of the Transaction, including the Tender Offer, while giving the utmost deference to the content of the Opinion. As a result thereof, the Company's board of directors determined that the Transaction would contribute to the

improvement of the Company's corporate value, and determined that the Tender Offer would provide a reasonable opportunity to sell the Company Shares, and at a meeting of the board of directors of the Company convened today, all the directors except one of the Company participating in the deliberations and resolution unanimously (9 directors out of the 10 total directors, excluding Mr. Eto) resolved to express an opinion in support of the Tender Offer and recommending that all of the Company's shareholders tender their shares in the Tender Offer, recommending that all the Share Options Holders tender their share options in the Tender Offer and recommending that the ADRs Holders deliver their ADRs to the depositary bank in advance and receive the Company Shares related to the ADSs represented by the ADRs and tender the shares in the Tender Offer. At the above Board of directors meeting, Director Takayuki Yamazaki expressed his opinion to the effect that he opposes the Tender Offer, because he was unable to obtain sufficient time to consider the Tender Offer and therefore cannot judge whether or not the Tender Offer will contribute to the enhancement of the Company's corporate value. Furthermore, of the Company's directors, Mr. Eto is scheduled to acquire common shares of the Tender Offeror using a portion of the consideration he will receive upon the completion of the Tender Offer through the tendering of the Company Shares he holds in the Tender Offer, and as such, from the perspective of avoiding any suspicion of a conflict of interest from the Company's standpoint, he did not participate in any of the deliberations and resolutions of the board of directors of the Company in connection with the Transaction, including the deliberations and resolutions at the above-mentioned board of directors meeting, and additionally he has not participated in any discussions and negotiations with the Tender Offeror.

(VIII) Measures to ensure opportunities for purchase from other purchasers

Although the Tender Offeror will set the purchase period in the Tender Offer ("**Tender Offer Period**") at 21 business days in principle, as it is expected that it will take about 4 months from the announcement of the planned commencement of the Tender Offer until the actual commencement of the Tender Offer, the shareholders of the Company, Share Option Holders and the ADRs Holders will have the opportunity to make appropriate judgments as to whether to tender in the Tender Offer, and the Tender Offeror will ensure that those other than the Tender Offeror have an opportunity to make competing offers to purchase the Company Securities. In this manner, the Tender Offeror intends to secure the fairness of the Tender Offer Price.

(IX) Consideration for avoiding coercion

As described in "(5) Policy for organizational restructuring, after the Tender Offer (matters relating to a "Two-Step Acquisition")" above, (i) promptly after completion of settlement of the Tender Offer, the Tender Offeror plans to request that the Company perform the Share Cash-out Demand or the Share Consolidation and plans to request that the Company hold an Extraordinary General Shareholders Meeting, which is to include a proposal about a partial amendment to the Company's Articles of Incorporation whereby the provision concerning

the number of shares that constitute one unit shall be abolished subject to effectuation of the Share Consolidation. It has been made clear that the amount of money that will be delivered to each shareholder, Share Option Holder and ADRs Holder that did not tender in the Tender Offer will be calculated to be equal to be the same price that would have been received if they had tendered in the Tender Offer, that in the event of the Share Cash-out Demand, the shareholders of the Company, Share Option Holders and the ADRs Holders who receive the Company Shares related to the ADSs will have the right to petition the court for a price determination, and in the event of the Share Consolidation, the shareholders of the Company will have the right to demand the purchase of their shares, and the accompanying right to petition the court for a price determination. As a result of these measures, the Company's shareholders will have the opportunity to make appropriate judgments as to whether to tender in the Tender Offer, thereby ensuring that there is no coercion. The Tender Offeror has set 52,861,561 shares (Ownership Ratio: 50.10%) as the minimum number of shares to be purchased in the Tender Offer, and as described in "(I) Outline of the Tender Offer" in "(2) Grounds and reasons for the opinion" above, when considering the number of voting rights required for the approval of the proposal for the Share Consolidation, the Tender Offeror has referred to the voting rights exercise ratio at past ordinary general shareholders meetings of the Company, and in light of the sum of the number of shares held by the Tender Offeror after the completion of the Tender Offeror (the expected minimum Ownership Ratio in that case would be 50.10%), the number of Restricted Shares held by directors (excluding Director Takayuki Yamazaki, who expressed an opinion against the resolution to express an opinion in support of the Tender Offer on the premise of delisting the Company's shares at the Company's board of directors meeting held today) (the expected minimum Ownership Ratio in that case would be 0.09%), and the number of shares held by passive index management funds (the expected minimum Ownership Ratio in that case would be approximately 14%) (the sum total of such expected minimum Ownership Ratios in that case would be approximately 64.37%), the Tender Offer believes that unless the voting rights exercise ratio at the Extraordinary General Shareholders Meeting reaches approximately 96.56%, which is significantly higher than the past voting rights exercise ratio performance, the proposal for the Share Consolidation will be able to be passed, thereby ensuring there is no coercion.

4. Details of material agreements between the Tender Offeror and the Company's shareholders, directors, etc. concerning tendering in the Tender Offer

(I) Tender Offer Agreement

The Tender Offeror, the Tender Offeror Parent Company, and KKR Fund entered into the Tender Offer Agreement with the Company today in connection with the Transaction.

The Tender Offer Agreement provides that the Tender Offeror will commence the Tender Offer subject to the Conditions Precedent (the conditions precedent to the commencement of the Tender

Offeror described in the preamble (Note 1)) being satisfied or waived (limited to waivers permitted by laws and regulations, and waiver of Conditions Precedent (1), (2) (limited to the Supporting Opinion and Supporting Report) and (8) will require the consent of the Company) within 10 business days from the date on which the Conditions Precedent is satisfied or waived, on a date separately agreed upon by the parties to the Tender Offer Agreement.

Under the Tender Offer Agreement, the Company is required to (1) on the execution date of the Tender Offer Agreement, or if the Tender Offeror has decided to commence the Tender Offer, on the date of such decision, (i) express the Supporting Opinion by resolution of the board of directors of the Company, and make such expression public, subject to the Supporting Report having been made, and not being changed or withdrawn (except to the extent that Condition Precedent (1) relating to the Supporting Opinion has been waived), and (ii) express the Tender Recommendation Opinion by resolution of the board of directors of the Company, and make such expression public, subject to the Tender Recommendation Report having been made, and not being changed or withdrawn (except to the extent that Condition Precedent (1) relating to the Tender Recommendation Opinion has been waived), and (2) from the execution date of the Tender Offer Agreement until the expiration of the Tender Offer Period, (i) maintain and not change or withdraw the Supporting Opinion, subject to the Supporting Report not having been changed or withdrawn (except to the extent that Condition Precedent (1) relating to the Supporting Opinion has been waived), and (ii) maintain and not change or withdraw the Tender Recommendation Opinion, subject to the Tender Recommendation Report not having been changed or withdrawn (except to the extent that Condition Precedent (1) relating to the Tender Recommendation Opinion has been waived). If the Company breaches this obligation, it shall pay to the Tender Offeror a penalty equal to 5% of the total purchase amount for the Tender Offer.

In addition, under the Tender Offer Agreement, the Company has agreed not to engage in any transactions with third parties that may conflict with the Tender Offer or the Transaction, or make it difficult to complete the Tender Offer or the Transaction (in this “(I) Tender Offer Agreement”), “Competing Transactions”), or engage in any proposals (including an amended proposal; the same shall apply hereinafter in this “(I) Tender Offer Agreement”), offers, solicitations or the provision of information (including providing an opportunity for due diligence; the same shall apply hereinafter in this “(I) Tender Offer Agreement”), discussions, negotiations, or agreements (“Proposals”; however, for the avoidance of doubt, this does not include the receipt of a proposal from a person other than the purchaser for a tender offer for the Company Shares, or merely engaging in administrative communication that does not amount to a Proposal) for a Competing Transaction. However, (1) if a third party (excluding a party that was given an opportunity to make a proposal in the market check prior to the Transaction; the same shall apply hereinafter in this paragraph) commences a counter tender offer (Note 1) without the Company having violated the

provisions in the first sentence of this paragraph, the Company will not be prevented from providing information, holding discussions, negotiations, or reaching an agreement with such third party in relation to the counter tender offer, and (2) if the Company receives a bona fide proposal in writing from a third party that is reasonably deemed to be superior to the Transaction for a counter tender offer (limited to those where (i) the purchase price and main transaction terms are clearly stated, (ii) the management policy after the completion of the counter tender is specifically provided for, (iii) the likelihood that the third party has the financial resources necessary for the take-private is reasonably demonstrated, and (iv) the notifications to be made as required for the take-private under competition laws and investment control laws and regulations, and other procedures with judicial and administrative authorities have been provided for based on reasonable grounds) without the Company having violated the provisions in the first sentence of this paragraph, the Company will not be prevented from providing such third party with the minimum amount of information necessary, or entering into discussions, negotiations or agreements with such third party (provided, however, that the same information provided, the progress of negotiations, and (if requested by the Tender Offeror), the contents of such discussions or negotiations and the contents of such agreements to a reasonable extent are also promptly provided to the Tender Offeror, and this is subject to the provisions in the third sentence of this paragraph). If the Company receives a proposal for a Competing Transaction from a third party or becomes aware of the existence of such a proposal, it is obligated to notify the Tender Offeror of that fact and the contents of such proposal (but only to the extent that the Company is aware) as soon as practicably possible.

Under the Tender Offer Agreement, the Company (1) may, in the event that a counter tender offer is commenced by a third party (including cases where a tender offer that has already been commenced meets the requirements for a counter tender offer; the same shall apply hereinafter), or a bona fide legally-binding proposal for a counter tender offer is received (limited to those where (i) the purchase price and main transaction terms are clearly stated, (ii) the management policy after the completion of the counter tender is specifically provided for, (iii) the likelihood that all funds required for the take-private will be secured is demonstrated by legally-binding financial evidence, such as capital contribution certificates and loan certificates, and (iv) a detailed description of the types, regions and expected time required for filing notices under competition and investment control laws, and other procedures with judicial and administrative authorities has been provided for based on reasonable grounds, and there is a reasonable probability that all of which can be completed with a reasonable period of time), provided there is no breach of its obligations under the Tender Offer Agreement, request discussions regarding an increase in the Tender Offer Price with the Tender Offeror, and (2) if the Tender Offeror does not raise the Tender Offer Price to an amount equal to or higher than the tender offer price for the counter tender offer, by the earlier of 10 business days from the date on which the Tender Offeror receives the request for discussions, or the business day immediately preceding the last day of the Tender Offer Period (“Expiration Date of the Consideration Period”), the Company will be relieved of its obligation to express,

publicize and maintain the Tender Recommendation Opinion. In addition, if the tender offer price for the counter tender offer exceeds the Tender Offer Price by 5% or more, and the Tender Offeror does not raise the Tender Offer Price to an amount equal to or higher than the tender offer price for the counter tender offer by the Expiration Date of the Consideration Period, the Company will be relieved of its obligation to express, publicize and maintain the Supporting Opinion, provided that it is reasonably recognized, based on the opinion of the Strategic Special Committee or other reasonable grounds, that the expressing or maintaining of the Supporting Opinion would raise specific concerns of the directors of the Company breaching their duty of care.

- (Note 1) In the Tender Offer Agreement, a “counter tender offer” is defined as a tender offer for the Company Shares at a purchase price higher than the Tender Offer Price (“**Counter Tender Offer Price**”) (provided, however, that there is no upper limit on the number of shares to be purchased, that the purpose is the take-private of the Company, and that shareholders who do not tender in the counter tender offer are guaranteed the an exit opportunity at the same price as the tender offer price).

In addition to the above, the Tender Offer Agreement also provides for the obligation to cooperate in the Squeeze-out Procedure, representations and warranties (Note 2) (Note 3), the obligations of the Tender Offeror (Note 4), the obligations of the Company (Note 5), the basic policy regarding the management of the Company after the Transaction (Note 6), indemnification provisions, grounds for termination or cancellation of the agreement, and general provisions.

- (Note 2) In the Tender Offer Agreement, the Company represents and warrants (i) the validity of its incorporation and existence, (ii) the existence of the power and authority necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforcement of the Tender Offer Agreement, (iv) the absence of any conflict of laws and regulations regarding the execution and performance of the Tender Offer Agreement, (v) the fact that the Company is not an anti-social force and has no relationships with anti-social forces, (vi) the absence of bankruptcy proceedings, etc., (vii) the accuracy of the Annual Securities Report for the 131st Fiscal Year submitted by the Company on June 26, 2024, (viii) matters concerning the shares of the Company, (ix) acquisition of the necessary permissions and compliance with applicable laws and regulations, and (x) the absence of violations of competition laws, economic sanctions, anti-money laundering, anti-corruption legislation and export control legislation, and the establishment of internal rules for compliance therewith, the absence of transactions, etc. with government officials or persons subject to sanctions, and the absence of equity holdings by government officials and organizations in the Company Group.

- (Note 3) In the Tender Offer Agreement, the Tender Offeror represents and warrants (i) the validity of its incorporation and existence, (ii) the existence of the power and authority necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforcement of the Tender Offer Agreement, (iv) the absence of any conflict of laws and regulations regarding the execution and performance of the Tender Offer Agreement, (v) the fact that the Tender Offeror is

not an anti-social force and has no relationships with anti-social forces, (vi) the absence of bankruptcy proceedings, etc., (vii) the absence of any procedures before judicial or administrative agencies that are necessary for the execution of the Transaction, other than the Clearance Procedures, (viii) the sufficiency of funds to carry out the Transaction, and (ix) matters regarding the Equity Commitment Letter dated as of March 26, 2025, submitted to the purchaser by KKR Asian Fund IV Japan AIV 2 L.P., and the Debt Commitment Letter dated March 20, 2025, submitted to the purchaser by the financial institutions. In addition, in the Tender Offer Agreement, the Tender Offeror Parent Company and the KKR Fund each represent and warrant (i) the validity of their incorporation and existence, (ii) the existence of the power and authority necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforcement of the Tender Offer Agreement, (iv) the absence of any conflict of laws and regulations regarding the execution and performance of the Tender Offer Agreement, (v) the fact that they are not an anti-social force and have no relationships with anti-social forces, (vi) the absence of bankruptcy proceedings, etc., and (vii) the absence of any procedures before judicial or administrative agencies that are necessary for the execution of the Transaction, other than the Clearance Procedures.

(Note 4) In the Tender Offer Agreement, the Tender Offeror is, in summary, required to (i) make efforts to complete the Clearance Procedures and obtain the Clearance, and to implement or comply with any remedy measures necessary to obtain the Clearance, and (ii) provide notice if it becomes aware of any potential breach of representations and warranties or obligations, or non-fulfillment of the Conditions Precedent.

(Note 5) In the Tender Offer Agreement, the Company is, in summary, required to (i) cooperate in obtaining the Clearance, (ii) carry out its business within the normal scope of its business, (iii) comply with competition laws, economic sanctions, anti-money laundering, anti-corruption legislation and export control legislation, (iv) provide notice if it becomes aware of any potential breach of representations and warranties or obligations, or non-fulfillment of the Conditions Precedent, (v) report its financial situation, and (vi) perform its obligations towards the implementation of the Transaction ((a) the implementation of necessary procedures, the obligation to make commercially reasonable efforts to obtain consent from counterparties for any contracts, etc. where such counterparty's consent is required to implement the Transaction, and providing notice for any contracts, etc. where the providing of notice to a counterparty is required to implement the Transaction, (b) the obligation to cooperate with the Tender Offeror in raising funds, (c) the obligation to pass a resolution approving the transfer of the Share Options, (d) the obligation to make efforts to complete the procedures necessary to enable the Company Officer Stock Ownership Association, Company Employee Stock Ownership Association, Company Partner Company Stock Ownership Association, and the Company Distributor Stock Ownership Association to tender their Company Shares in the Tender Offer, (e) the obligation to make efforts to reduce consolidated net interest-bearing debt and the minimum level of consolidated cash and deposits required for business operations to a certain level by the settlement commencement date of the Tender Offer).

(Note 6) The Tender Offeror and Tender Offeror Parent Company have respected the background leading to the decision of the Company to implement its management strategy after the take-private of the Company, and have agreed to faithfully pursue a growth strategy to achieve the goal of “taking on the challenge of becoming a “100-year venture positioned for sustainable growth”.

(II) Agreement (JICC)

KKR Fund and JICC entered into the Agreement (JICC) as of today. In the Agreement (JICC), the parties agreed that (i) KKR Fund would provide investment of 256 billion yen by the method of directly or indirectly subscribing for common shares of the Tender Offeror Parent Company, all of which would be made from the first business day following the completion of the Tender Offer until the business day prior to the commencement of settlement for the Tender Offer in accordance with the Equity Commitment Letter to be delivered to the Tender Offeror Parent Company on the date of execution of the Agreement (JICC), and JICC would carry out the Investment in accordance with the ECL (JICC) on or after the business day following the completion of the Tender Offer and by the business day immediately preceding the commencement of settlement of the Tender Offer, (ii) as soon as practicable after the date of this Agreement (JICC), the parties will implement the Transaction and will in good faith consult to conclude a shareholders agreement (the main terms of the shareholders agreement agreed to in the Agreement (JICC) are summarized in (a) through (d) below), and (iii) on or after the execution date of the Agreement (JICC), KKR Fund and JICC shall not (a) engage in any provision of information, proposal, solicitation, discussions, negotiations or the execution of any transaction to or between any third party, directly or indirectly, in relation to any capital alliance, share transfer, merger, company split, share exchange, share transfer, share issuance, transfer of all or part of the business, or any investment, loan or other means of funding in relation thereto, or any other similar transaction that may be inconsistent with, or conflict with the Transaction (in this “(II) Agreement (JICC)” and “(III) Agreement (Mr. Eto)”, “Conflicting Transactions”) (However, to avoid any doubt, this does not include receiving a proposal for a Conflicting Transaction, etc. from a party other than the Tender Offeror, or simply communicating on a level that does not amount to a proposal, etc.), and (b) if a third party makes a proposal or solicitation in connection with a Conflicting Transaction, each party shall immediately notify the other party of the details and consult with the other party in good faith as to how to respond. In addition, the Agreement (JICC) will terminate at the earliest of the time when the shareholders agreement is concluded or March 31, 2026.

(a) Matters Concerning the Investment

KKR Fund and JICC shall, within a certain period of time from the date of completion of the Tender Offer, subscribe for the shares of the Tender Offeror Parent Company as follows.

Allotee	Type of Shares	Payment Amount
---------	----------------	----------------

KKR Fund	Common Shares	256 billion yen
JICC	Class A Preferred Shares and Class B Preferred Shares(Note)	95 billion yen

(Note) The details of Class A Preferred shares and Class B Preferred shares include voting rights, as well as rights to request acquisition of the shares in exchange for cash or share, and acquisition clauses.

(b) Matters Concerning the Shares of the Tender Offeror Parent Company

- Restriction on transfer of the Tender Offeror Parent Company shares held by KKR Fund and JICC until March 31, 2031 (in this “(II) Agreement (JICC)”, “Lock-up Period”)
- KKR Fund right of first refusal after expiration of the Lock-up Period
- JICC tag-along right after expiration of the Lock-up Period
- KKR Fund drag-along right

(c) Matters Concerning Conflicting Transactions

- KKR Fund and JICC shall not engage in any provision of information, proposal, solicitation, discussions, negotiations or the execution of any transaction to or between any third party, directly or indirectly in connection with a Conflicting Transaction (However, to avoid any doubt, this does not include receiving a proposal for a Conflicting Transaction, etc. a tender offer proposal for the Company Shares from a party other than the Tender Offeror, or simply communicating on a level that does not amount to a proposal, etc.)
- If a third party makes a proposal or solicitation in connection with a Conflicting Transaction, KKR Fund and JICC shall immediately notify the other party of the details and consult with the other party in good faith as to how to respond

(d) Other Matters

- Matters concerning the governance structure and management policies of the Tender Offeror Parent Company, the Tender Offeror and the Company
- Matters concerning the termination of the agreement ((1) if an agreed by KKR Fund and JICC, (2) In the event that the Tender Offer is not successful and it is reasonably expected that the transactions to take the Company private through a tender offer by KKR Fund or its related parties for the Company Shares and a squeeze-out after such tender offer are not feasible, and (3) if KKR Fund or JICC no longer hold any of the Tender Offeror Parent Company shares)

General provisions such as the prohibition on solicitation by KKR and JICC, representations and warranties, compensation for damages, call option of JICC and confidentiality

(III) Agreement (Mr. Eto)

KKR Fund and Mr. Eto entered into the Agreement (Mr. Eto) as of today. In the Agreement (Mr. Eto), the parties agreed that (i) a management services agreement will be entered into by May 30, 2025 (the main terms of the management services agreement agreed to in the Agreement (Mr. Eto) are summarized in (a) through (c) below), and (ii) on or after the execution date of the Agreement (Mr. Eto), Mr. Eto shall not (a) engage in any provision of information, proposal, solicitation, discussions, negotiations or the execution of any transaction to or between any third party, directly or indirectly, in connection with a Conflicting Transaction (However, this does not prevent Mr. Eto from representing the Company in discussions or negotiations with third parties based on his position as President of the Company, only after the time when the Company is relieved of its obligation to express, publicize and maintain the Supporting Opinion in accordance with the Tender Offer Agreement.), and (b) if a third party makes a proposal or solicitation in connection with a Conflicting Transaction, Mr. Eto shall immediately notify KKR Fund of the details (This does not apply if the same information has been notified to KKR Fund by the Company.) and consult with KKR Fund in good faith as to how to respond. In addition, the Agreement (Mr. Eto) will automatically become invalid on the earlier of the date on which a tender offer for the Company Share Certificates by a party other than the Tender Offeror or its related parties is completed (a tender offer that (i) has no maximum number of shares to be purchased, (ii) has a minimum of more than half of the total voting rights, and (iii) guarantees an exit opportunity at the same price as the tender offer price to shareholders who do not tender their shares in the tender offer) or the date on which the Tender Offer Agreement is terminated.

(a) Management Delegation

- KKR Fund shall delegate to Mr. Eto the duty of faithfully performing the duties of the representative director of the Company, and Mr. Eto shall accept this delegation
- The initial management delegation period (“**Initial Management Delegation Period**”) shall be from the day which follows the completion of the take-private of the Company until the conclusion of the ordinary general shareholders meeting of the Company for the fiscal year ending March 31, 2029, unless a decision not to re-delegate is made by the voluntary nomination and compensation committee appointed by the Company (“**Nomination and Compensation Committee**”)
- After the expiration of the Initial Management Delegation Period, if Mr. Eto is nominated as President & CEO of the Company by the Nomination and Compensation Committee, Mr. Eto shall accept the nomination
- If Mr. Eto breaches any material obligation under the management services agreement, materially breaches laws and regulations or the articles of incorporation or other internal rules of the Company, KKR Fund may cause Mr. Eto to resign or may dismiss Mr. Eto from his position as a representative director or another position of the Company,

irrespective of Mr. Eto's term of office

(b) Compensation

- Mr. Eto's compensation and incentive plan shall be determined by the Nomination and Compensation Committee of the Company

(c) Other Matters

- Mr. Eto's duty to remain dedicated, non-compete and non-solicit
- Matters concerning the governance structure and management policies of the Company
- General provisions such as compensation for damages and confidentiality

5. Details of benefits received from the Tender Offeror or any of its specially related parties

None.

6. Response policy with respect to basic policies relating to the control of the Company

None.

7. Questions to the Tender Offeror

None.

8. Requests for extension of the Tender Offer Period

None.

9. Future prospects

Please refer to the sections titled "(II) Background, purpose, and decision-making process leading to the decision by the Tender Offeror to conduct the Tender Offer and management policy after the Tender Offer" in "(2) Grounds and reasons for the opinion" as well as "(4) Expected delisting and reasons therefor" and "(5) Policy for organizational restructuring after the Tender Offer (matters relating to a so-called "Two- Step Acquisition"))" in "3. Details of, and grounds and reasons for, the opinion on the Tender Offer" above.

10. Other matters necessary for investors to properly understand and judge company information

- (I) At the board of directors meeting held today, the Company revised its year-end dividend forecast for the fiscal year ending March 2025, taking into account the planned Tender Offer, and resolved not to distribute dividends from surplus with a record date of March 31, 2025. For details, please refer to “Notice of Revision to the Year-End Dividend Forecast (No Dividends) For FYE March 2025” issued by the Company today.

11. Matters relating to transactions with controlling shareholders, etc.

None.

End

(Reference) Outline of Purchase, etc.

For an outline of the Tender Offer, please refer to “Notice Regarding the Planned Commencement of Tender Offer for the Shares of Topcon Corporation (Securities Code: 7732) by TK Co., Ltd. as part of the MBO Implementation and Capital Participation by KKR and JICC” issued today by the Tender Offeror

End of Document