



May 14, 2025

To all parties concerned

Name of Listed Company The Nippon Road Co., Ltd.
Representative Toshiyuki Ishii, Representative Director and President
(Securities Code: 1884)
Contact: Toshihiko Kasai, Director and Managing Officer, Chief Director of Business Promotion
(TEL. 03-4235-3626)

Announcement of Opinion in Support of the Tender Offer by Shimizu Corporation, the Parent of the Company, for the Shares of the Company, and Recommendation to Tender

The Nippon Road Co., Ltd. (the “**Company**”) hereby announces that at the meeting of its Board of Directors held today, the Company resolved to express its opinion in support of the tender offer (the “**Tender Offer**”) by Shimizu Corporation, the controlling shareholder (parent company) (the “**Tender Offeror**”), for the common shares of the Company (the “**Company Shares**”) and to recommend that the shareholders of the Company tender their shares in the Tender Offer as described below.

Please note that the above resolution of the Board of Directors was made on the assumption that the Tender Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and the subsequent series of procedures, and that the Company Shares are expected to be delisted.

1. Overview of the Tender Offeror

(1) Name	Shimizu Corporation	
(2) Address	16-1, Kyobashi 2-chome, Chuo-ku, Tokyo	
(3) Name and title of representative	Tatsuya Shimmura, President and Director	
(4) Description of Businesses	Construction Business Development Business Businesses incidental to and related to each of the above businesses	
(5) Capital Stock	JPY 74,365 million	
(6) Date of incorporation	August 24, 1937	
(7) Major Shareholders and Shareholding Ratios (as of November 13, 2024) (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust Account)	14.08%
	SHIMIZU & Co., Ltd.	11.12%
	Shimizu Foundation	5.55%
	Custody Bank of Japan, Ltd. (Trust Account)	5.13%
	Shimizu Group Employee’s Stock Ownership Plan	2.56%

	Housing Research Foundation JUSOKEN	2.50%
	Fukoku Mutual Life Insurance Company	1.94%
	The Dai-ichi Life Insurance Company, Limited	1.51%
	STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	1.45%
	Sumitomo Realty & Development Co., Ltd.	1.43%
(8) Relationship between the Company and the Tender Offeror		
	Capital relationship	As of today, the Tender Offeror owns 22,018,000 shares of the Company Shares (ownership ratio (Note 2): 50.11%).
	Personnel relationship	1 of the Company's 8 directors is a former employee of the Tender Offeror and 1 of the Company's 5 corporate auditors serves as a part-time corporate auditor of Shimizu Real Estate Asset Management Corporation, a member of the Tender Offeror Group. In addition, as of March 31, 2025, 1 employee of the Company Group (Note 3) has been seconded to an Other Tender Offeror Group Company (Note 4), and 1 employee of another company within the Tender Offeror Group has been seconded to the Company Group.
	Business relationship	The Company receives orders for civil engineering and other construction work from the Tender Offeror and provides construction cooperation accordingly.
	Status as related parties	The Tender Offeror is the parent company of the Company, and the Tender Offeror and the Company are therefore related parties to each other.

(Note 1) "Major Shareholders and Shareholding Ratios (as of November 13, 2024)" is cited from the "Status of Major Shareholders" in the Semi-Annual Securities Report for the 123th fiscal year, which was filed by the Tender Offeror on November 13, 2024.

(Note 2) The "ownership ratio" means the ratio of the relevant Company Shares (rounded to the nearest hundredth; the same applies hereinafter to calculations of the ownership ratio, unless otherwise provided) to the number of shares (43,942,514 shares) remaining after subtracting the number of treasury shares owned by the Company as of March 31, 2025 (3,826 shares) from the total number of the outstanding shares of the Company as of the same date (43,946,340 shares), both as stated in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)" published by the Company on May 14, 2025 (the "**Company's Financial Results**").

(Note 3) "Company Group" means, collectively, the Company, its consolidated subsidiaries, and its equity method affiliates, hereinafter the same. As of today, the Company Group consists of the Company, 47 consolidated subsidiaries, and 7 equity method affiliates.

(Note 4) "Other Tender Offeror Group Company" means, collectively, those companies within the Tender Offeror Group other than the companies that constitute the Company Group. "Tender Offeror Group" means, collectively, the Tender Offeror, its consolidated subsidiaries, and its equity method affiliates, hereinafter the same. As of today, the Tender Offeror Group consists of the Tender Offeror, 136 consolidated subsidiaries, and 22 equity method affiliates.

2. Tender Offer Price

JPY 2,520 per common share

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

(1) Details of the Opinion on the Tender Offer

At a meeting of its Board of Directors held today, the Company resolved to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer, based on the grounds and reasons set forth in “(2) Basis and Reasons for Opinion on the Tender Offer” below.

It should be noted that the above resolution of the Board of Directors was made in accordance with the procedures described in “(viii) Approval of All Disinterested Directors of the Company and Opinion of No Objection of All Corporate Auditors Disinterested in the Company” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(2) Basis and Reasons for Opinions on the Tender Offer

The statements regarding the Tender Offeror in the basis and reasons for the opinion regarding the Tender Offer are based on explanations provided by the Tender Offeror.

(i) Overview of the Tender Offer

As of today, the Tender Offeror owns 22,018,000 Company Shares listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”) (ownership ratio: 50.11%), and holds the Company as its consolidated subsidiary.

The Tender Offeror decided today to conduct the Tender Offer at a purchase price per Company Share at JPY 2,520 (the “**Tender Offer Price**”) in order to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and the treasury shares held by the Company), as part of a series of transactions aimed at making the Company a wholly-owned subsidiary of the Tender Offeror, with the Tender Offeror being the sole shareholder of the Company (the “**Transactions**”).

The Tender Offeror has set 7,277,000 shares (ownership ratio: 16.56%) as the minimum number of shares to be purchased in the Tender Offer. If the total number of share certificates, etc. tendered in the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, since the Tender Offeror intends to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and the treasury shares held by the Company) through the Tender Offer, there is no maximum number of shares to be purchased in the Tender Offer, and if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

In order to ensure that the total number of voting rights of the Company that the Tender Offeror will hold if the Tender Offer is successfully completed equals two-thirds (2/3) or more of the total voting rights of the Company, the minimum number of shares to be purchased (7,277,000 shares) is the product of (i) the number of voting rights (72,770 voting rights), which is obtained by subtracting (x) the number of voting rights (220,180 voting rights) represented by the Company Shares (22,018,000 shares) held by the Tender Offeror as of today from (y) the number of voting rights (292,950 voting

rights, rounded up to the nearest whole number), which is obtained by multiplying the number of the Company's voting rights as calculated below (439,425 voting rights) by two-thirds (2/3), and (ii) the share unit of the Company (100). The number of the Company's voting rights as stated above (439,425 voting rights) is the number of voting rights represented by the number of shares (43,942,514 shares) obtained by subtracting the number of treasury shares held by the Company as of March 31, 2025 (3,826 shares) from the total number of the outstanding shares of the Company as of the same date (43,946,340 shares), both as stated in the Company's Financial Results. The reason for setting the minimum number of shares to be purchased as such is that the Tender Offeror's intention in the Tender Offer is to make the Tender Offeror the sole shareholder of the Company, and in the event that the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and the treasury shares held by the Company) through the Tender Offer, and consequently the Tender Offeror implements the procedures for a share consolidation of the Company Shares as stated in "(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)" below, a special resolution of a shareholders' meeting is required, as provided for in Paragraph 2 of Article 309 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter). In order to ensure that the special resolution is passed, the Tender Offeror needs to hold the said minimum number of shares to be purchased. As stated above, the Tender Offeror holds 22,018,000 Company Shares (ownership ratio: 50.11%) as of today, and therefore, the Tender Offeror believes that setting a minimum number of shares to be purchased by the so-called "**Majority of Minority**" in the Tender Offer would make the likelihood of a successful completion of the Tender Offer uncertain and may not contribute to the interests of the minority shareholders of the Company who wish to tender their shares in the Tender Offer. Therefore, no minimum number of shares to be purchased by the so-called "Majority of Minority" has been set for the Tender Offer. However, since the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer, the Tender Offeror believes that the interests of the Company's minority shareholders have been adequately taken into consideration. For details on the measures taken to ensure the fairness of the Tender Offer, please refer to "(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

In the event that the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and the treasury shares held by the Company) through the Tender Offer, the Tender Offeror plans to take a series of procedures necessary to make the Tender Offeror the sole shareholder of the Company (the "**Squeeze-Out Procedures**") after the completion of the Tender Offer. For an overview of the Squeeze-Out Procedures, please see "(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)" below.

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

(a) Background of the Tender Offer

The Tender Offeror was founded in 1804, when Kisuke Shimizu I, who was a carpenter from Etchu (now Toyama Prefecture) launched a carpentry business in the Kanda Kajicho district of Edo (now

Tokyo). The business was converted into and established as a company, “Goshi Kaisha Shimizu Gumi”, in October 1915. Subsequently, Shimizu Gumi, Ltd. was established in August 1937, merged with Goshi Kaisha Shimizu Gumi in November 1937, and was renamed “Shimizu Kensetsu Kabushiki Kaisha” (Shimizu Corporation), its current trade name, in February 1948. The Tender Offeror’s shares were listed on the over-the-counter (OTC) market in Tokyo in April 1961; on the Second Section of the Tokyo Stock Exchange in October 1961; on the First Section of the Tokyo Stock Exchange in February 1962; and on the First Sections of the Nagoya Stock Exchange, Inc. (the “Nagoya Stock Exchange”) and Osaka Securities Exchange Co., Ltd. (currently part of the Tokyo Stock Exchange) in October 1962. Subsequently, the Tender Offeror moved to the Prime Market of the Tokyo Stock Exchange and the Premier Market of the Nagoya Stock Exchange on April 4, 2022, following the market restructuring of the Tokyo Stock Exchange and the Nagoya Stock Exchange.

As of today, the Tender Offeror comprises a corporate group consisting of the Tender Offeror, 136 subsidiaries (including the Company), and 22 affiliates (such corporate group, the “Tender Offeror Group”). Eiichi Shibusawa, a businessperson who was devoted to establishing and fostering numerous companies and laid the foundations for the industrial economy of modern Japan from the end of the Edo period to the beginning of the Showa period, was invited to be an advisor to the Tender Offeror in 1887. The Tender Offeror holds Shibusawa’s work “The Analects and the Abacus,” which expresses his worldview of economics united with ethics, to be the foundation of its management, as its credo. The Tender Offeror engages in construction business, which includes domestic and overseas construction business and civil engineering business, and non-construction businesses, which includes a real estate development business, engineering business, green energy development business (Note 5), building life cycle business (Note 6), and frontier business (Note 7).

(Note 5) “Green energy development business” means the development and operation of renewable energy power generation facilities, including solar and biomass power, as well as the CO2-free green electric power retail business.

(Note 6) “Building life cycle business” means business that aims to achieve the extension of building lifespans and the enhancement of real estate value through the provision of consistent solutions by the entire Tender Offeror Group and the building-related expertise accumulated over many years.

(Note 7) “Frontier business” means businesses in which the Tender Offeror is engaged in the three following fields with the aim of continuing growth investments and establishing business models: space development business, ocean development business, and nature coexistence business.

In its long-term vision, “SHIMZ VISION 2030,” formulated in 2019 and published on May 10, 2019, the Tender Offeror Group adopted as its goal, being a “Smart Innovation Company” by 2030, by creating new value and contributing to a safe, healthy and sustainable future for everyone through continual transformation and taking on challenges beyond the construction business, while co-creating with a diverse range of partners (the smart innovation). The Tender Offeror Group aims to achieve consolidated ordinary income of JPY 200 billion or more in FY2030. In particular, the Tender Offeror Group aims to create new value through the integration of three innovations:

“Business Structure Innovation,” which involves diversifying business models, accelerating global expansion, and improving group management capabilities; “Technology Innovation,” which involves developing advanced technology to respond to changes in the future society, industry and infrastructure and accelerating construction process technology development to increase the Tender Offeror Group’s competitive edge; and “Talent Innovation,” which involves promoting working style reforms that will enable diverse talent to thrive, and building knowledge/expertise through co-creation with others. Furthermore, the Tender Offeror Group aims to contribute to SDGs (Note 8) by providing the following three values: realizing a resilient (i.e. strong, flexible, and capable of recovery) society where everyone can feel safe and secure; realizing an inclusive (i.e. everyone can participate as a member) society where everyone lives healthy and comfortable lives together; and realizing a sustainable (i.e. capable of sustainable development while preserving the global environment) society that is mindful of the global environment.

(Note 8) “SDGs” stands for Sustainable Development Goals, which refer to the common goals in the international community to realize a sustainable society.

In order to realize “SHIMZ VISION 2030,” the Tender Offeror Group published the Mid-Term Business Plan <2024-2026> (the “**Mid-Term Business Plan (Tender Offeror)**”) on May 13, 2024, in which the Tender Offeror has positioned the period from FY 2024 to FY 2026 (the “**Mid-Term Business Plan Period (Tender Offeror)**”) as a “Period of Strengthening the Business Foundation for Sustained Growth,” and has determined that each and every officer and employee will share the new mindset of “Choukensetsu (Note 9)” and put the Mid-Term Business Plan (Tender Offeror) into practice. Under the following four basic policies, the Tender Offeror Group aims to enhance its corporate value by accelerating the growth of its human resources and organizational capabilities, which are the most critical elements of its business foundation, and by enhancing cross-functional collaboration group-wide to promote sustainability management, thereby contributing to the realization of a sustainable future society.

(Note 9) “Choukensetsu” refers to the concept of providing new value to the Tender Offeror Group’s customers and society through construction and every kind of other business of the Tender Offeror Group while proactively exploring the essential needs and issues of the customers of the Tender Offeror Group and society, based on the values the Tender Offeror Group has cherished up to now and beyond the framework of our existing businesses and organizations, and growing together with the customers of the Tender Offeror Group as a result.

(A) A Stronger Business Foundation

In improving its strategy execution, the Tender Offeror develops “talent” and strengthens “organizational capabilities,” the two critical elements of its business foundation, as well as promoting Sustainability Management and fortifying cross-functional capabilities.

(B) Business Strategies

The Tender Offeror has established basic policies, which also provide strategic directions for their fulfilment, for each line of business: (i) business aiming to improve profitability: construction business (building construction and civil engineering), (ii) business aiming to

increase revenue and business stability: real estate development business and engineering business, (iii) business aiming to expand business scale: green energy development business and building life cycle business, and (iv) business aiming to establish business models: frontier business.. By expanding each line of business according to these business policies, the Tender Offeror aims to build up its business portfolio.

(C) Global Strategies

The Tender Offeror promotes sustainable and stable business development rooted in the countries in which the Tender Offeror operates by placing priority on the independence of its local base operations. To achieve this, the Tender Offeror implements an evolution of its global platform centered on human resources, organization, governance, and M&A and steadily implements strategies tailored to each business, with the aim of growing further to be a truly global player.

(D) Capital Policy and Investing for Growth

The Tender offeror will implement a capital policy focused on achieving management financial goals, managing the cost of capital, and optimizing stock performance and make steady investments in talent and business development for sustained growth, thus enhancing corporate value and achieving sustained growth.

The Tender Offeror positions the Mid-Term Business Plan Period (Tender Offeror) as a “Period of Strengthening the Business Foundation for Sustained Growth” as stated above, and aims to achieve total sales of 1.89 trillion yen, and ordinary profit of 95 billion yen in FY 2026, the final year of the plan. Furthermore, the Tender Offeror Group has set its financial KPIs (Note 10) as follows: return on equity (ROE): 8% or higher; equity ratio: 35% or higher; debt-equity ratio (D/E ratio): 1.0 times or less; and dividend payout ratio: approximately 40%. Although the business environment surrounding the Tender Offeror has changed since the formulation of the Mid-Term Business Plan (Tender Offeror) , the Tender Offeror is working on necessary measures such as investments for growth in order to realize its long-term vision and achieve the goals of the Mid-Term Business Plan (Tender Offeror). As for the results for the fiscal year ended March 2025, which is the first year of the Mid-Term Business Plan (Tender Offeror), the Tender Offeror achieved total sales: JPY 1.9443 trillion; ordinary income: JPY 71.6 billion; return on equity (ROE): 7.6%; equity ratio: 34.1%; debt-equity ratio (D/E ratio): 0.69%; and dividend payout ratio: 40.1%. (For details, please see “Consolidated Financial Report [Japanese GAAP] For the year ended March 31, 2025” published by the Tender Offeror.)

(Note 10) “KPIs” stands for Key Performance Indicators and refers to indicators for evaluating a company’s performance. “Financial KPIs” means KPIs that refer to financial accounting data.

On the other hand, the Company was founded in March 1929 as Nippon Bitumuls Pavement Industry Co., Ltd., renamed The Nippon Road Pavement Co., Ltd. in February 1932, and subsequently renamed Nippon Road Co., Ltd. in June 1947. the Company was listed on the Second Section of the Tokyo Stock Exchange in October 1961 and it was designated to the First Section in August 1971. In October of that year, the Company was also listed on the First

Section of the Osaka Securities Exchange (now part of the Tokyo Stock Exchange). Following that, after the restructuring of the market segments of the Tokyo Stock Exchange, the Company transitioned to the Prime Market of the Tokyo Stock Exchange on April 4, 2022. Since its establishment, the Company has steadily expanded its network. As of today, it operates 10 branches, 103 sales offices and sub-branches, and 85 facilities including asphalt mixture centers, blending plants, emulsion plants, and recycling plants, across Japan.

As of today, the Company comprises a corporate group consisting of the Company, 47 subsidiaries, and 7 affiliated companies. As a company committed to contributing to the creation of a sustainable society through "road development" and "urban development," the Company operates in the following three business segments: construction business (which includes pavement and civil engineering, building construction, and other construction-related businesses); manufacturing and sales business (which includes the manufacturing, sales, and recycling of asphalt mixtures, emulsions, and other paving materials); and co-creation business (a renamed segment that, under the “Mid-Term Management Plan 2024 (FY 2024–FY 2026)” formulated by the Company on May 13, 2024 (the “**Mid-Term Management Plan (the Company)**,” and the period from FY 2024 through FY 2026, the “**Mid-Term Management Plan Period (the Company)**”), replaces the former “leasing business” and “others” segments).

In the Mid-Term Management Plan (the Company), the Company has identified the business environment leading up to its 100th anniversary in 2029 and beyond as follows: (i) Domestic construction investment is expected to remain robust in both the public and private sectors. (ii) Labor shortages are expected to intensify due to the declining workforce in the construction industry and the need to respond to workstyle reforms, resulting in rising labor costs. (iii) The procurement of asphalt and fuel is highly susceptible to fluctuations in exchange rates and geopolitical instability, posing risks to the profitability of asphalt mixture production, which forms the core of the Company’s manufacturing and sales business. (iv) As lifestyles continue to evolve, there is growing demand for more fulfilling and enriched living physically and mentally, alongside an increased emphasis on respect for diversity. In the Mid-Term Management Plan (the Company), the Company has outlined the following growth strategies in response to these environmental changes: (1) To secure talent, the Company will continue ongoing recruitment activities and strive to become a rewarding workplace through enhanced training and development programs. (2) The Company will actively invest in environmental measures, which are gaining increasing global attention, and will position the sale of environmental products as a key pillar of its growth strategy. (3) In the manufacturing and sales business, the Company will promote new growth strategies, including strengthening its recycling business. (4) The Company views overseas construction investment as a potential opportunity for business expansion. (5) Among PPP (Note 11) initiatives, PFI (Note 12) projects that utilize private capital, management capabilities, and technical expertise are expected to increase significantly. According to the Cabinet Office “PPP/PFI Promotion Action Plan (2023 Revised Edition),” a total project scale of approximately JPY 30 trillion is targeted over the 10-year period from FY 2022 through FY 2031 across 13 sectors, including airports, water supply, sewerage,

roads, sports facilities, cultural facilities, and parks. The Company will pursue business expansion primarily in roads, airports, sports facilities, and parks. (6) In response to greater health consciousness and growing demand for enriched lifestyles driven by an aging population, the Company will aim to expand its sports- and health-related businesses. In the Mid-Term Management Plan (the Company), the Company set out specific initiatives to enhance its corporate value by identifying key issues and corresponding measures. These include: (i) ensuring thorough compliance (adherence to laws and regulations); (ii) improving the quality and profitability of the services provided; (iii) shifting from workstyle reform to work motivation reform (Note 13); and (iv) promoting DE&I (Note 14). As part of its commitment to growth areas and reducing its environmental impact—including halving carbon emissions by 2030 and achieving carbon neutrality by 2050—the Company plans to make capital investments totaling JPY 13.5 billion over the plan period, and M&A investments totaling JPY 5 billion to expand the scale and scope of its business. Looking ahead to 2029, when it will celebrate its 100th anniversary, and beyond, the Company also aims for further development by actively pursuing new co-creation businesses, such as those related to sports and health, striving to become a company that continuously supports society through technology and protects people’s well-being and lives.

(Note 11) “PPP” stands for Public-Private Partnership, a method by which the private sector participates in the provision of public services. Specifically, unlike traditional contract-based outsourcing, PPP involves collaboration between the government and private entities in areas such as the construction, maintenance, and operation of public facilities. It aims to improve the quality of public services and reduce costs by leveraging private-sector funding, technology, and knowhow.

(Note 12) “PFI” stands for Private Finance Initiative, a type of PPP that involves the use of private-sector funding, management capabilities, and technical expertise for the construction, maintenance, and operation of public facilities. A PFI project refers to a project implemented using the PFI approach.

(Note 13) “Work motivation reform” refers to the concept of establishing new ways of working through initiatives such as streamlining operations via digital transformation (DX) and providing education on diversity and equity based on DE&I policies. It also involves reviewing personnel systems and considering the use of AI, with the aim of becoming a company where employees feel motivated and find meaning in their work.

(Note 14) “DE&I” stands for Diversity, Equity, and Inclusion. It refers to the concept of fostering an environment in which individuals from diverse backgrounds are treated equitably and can safely participate and thrive within organizations and society.

The Company has set the following targets for FY 2026 (the fiscal year ending March 2027), the final year of the Mid-Term Management Plan Period (the Company): total sales of JPY 169.0 billion, operating income of JPY 10.0 billion, and profit attributable to owners of the parent company of JPY 6.6 billion.

Regarding progress, in the most recent fiscal year ended March 2025, all major profit indicators exceeded initial forecasts for the first time in four years, primarily due to improved profitability resulting from enhanced project management in the construction business. Operating income reached JPY 9.8 billion, surpassing the initial forecast of JPY 8.5 billion; ordinary income was JPY 10.1 billion, exceeding the initial forecast of JPY 8.6 billion; and net profit attributable to owners of the parent company came to JPY 6.3 billion, compared to the initial forecast of JPY 5.2 billion. While concerns remain in the manufacturing and sales business regarding persistently high asphalt prices, delays in passing on those costs, and a downward trend in production volume, as announced today, the Company forecasts the following full-year results for the fiscal year ending March 2026: net sales of JPY 167.0 billion, operating income of JPY 9.4 billion, ordinary income of JPY 9.5 billion, and net profit attributable to owners of the parent company of JPY 6.1 billion. The full-year results for FY 2025 indicate that the Company is on track to achieve the targets in the plan. While, in FY 2026 which is the final year of the Company's Mid-Term Management Plan (the Company), gross profit in the manufacturing and sales business might fall short of expectations due to persistently high asphalt prices, delays in passing on those costs, and a decline in production volume, gross profit in the construction business is expected to exceed projections. As a result, the Company anticipates that the combined gross profit of both businesses will meet the targets set forth in the Mid-Term Management Plan (the Company).

Regarding the capital relationship between the Tender Offeror and the Company, the Tender Offeror acquired 51,000 Company Shares (ownership ratio at that time (Note 15): 25.50%) through subscription in the Company's capital increase in March 1954, and subsequently the Tender Offeror acquired a total of 8,272,320 Company Shares from July 1956 to April 1972 by subscribing in the Company's capital increases and capital increases through allotment of the Company Shares without contribution 19 times and came to own 8,323,320 Company Shares (ownership ratio at that time: 20.81%) in April 1972. The Tender Offeror sold 1,000,000 Company Shares from April to September 1972, and as a result, the Company Shares held by the Tender Offeror had decreased to 7,323,320 shares (ownership ratio at that time: 18.31%) by September 1972. Subsequently, from September 1972 to January 1989, the Tender Offeror continued acquiring the Company Shares by subscribing in the Company's capital increases and capital increases through allotment of the Company Shares without contribution 24 times to acquire a total of 11,410,480 Company Shares and came to own 18,733,800 Company Shares (ownership ratio at that time: 20.78%) in January 1989. Furthermore, the Tender Offeror converted convertible bonds with share options that it held on February 3, 1989 and August 20, 1990 to acquire 885,739 Company Shares and 2,214,839 Company Shares, respectively, and as a result, it owned 21,834,378 Company Shares (ownership ratio at that time: 22.40%) on August 20, 1990. The Tender Offeror sold 378 shares less than one unit (the number of shares in a share unit of the Company at that time was 1,000 shares) in November 2006. On October 1, 2017, the Company implemented a share consolidation to consolidate 10 shares into 1 share of the Company Shares, and as a result, the Tender Offeror came to own 2,183,400 shares (ownership ratio at that time: 24.84%).

(Note 15) "Ownership ratio at that time" means the ratio (rounded to the nearest hundredth) of the relevant Company Shares to the total number of the outstanding shares of the Company as

of the last day of each fiscal year that includes the date of the relevant acquisition or holding, after subtracting the number of treasury shares owned by the Company as of the same day, both, as stated in the Company's Annual Securities Report for that fiscal year. The Company did not own any treasury shares prior to FY 2003. The same applies hereinafter to references to the ownership ratio at that time.

Thereafter, at the time of the 2022 Tender Offer (To be defined below. The same applies hereinafter), according to the "Construction Economic Report March 2021" published by the Research Institute of Construction and Economy, future trends were increasingly uncertain in the business environment in respect of the domestic road paving industry in which the Company operated. While private investment in construction (construction and civil engineering) was expected to continue on a gradual recovery track due to improved corporate earnings following the COVID-19 pandemic, public investment was expected to continue to decline in the medium- to long-term as the financial situation of the national and local governments was expected to become even more severe due to declining tax revenue caused by a shrinking population and increasing social security costs caused by an aging society, making it unlikely that domestic construction demand would expand. Moreover, in the manufacturing and sales business centered on asphalt mixtures and emulsions, rising prices of raw materials such as crude oil are likely to result in higher manufacturing costs and consequently put pressure on business profits. In addition, across the construction industry as a whole, there was a growing necessity for increased productivity and labor-saving measures through digitalization and the introduction of robots in order to maintain production in response to the ever-increasing shortage of engineers and skilled workers due to the decline in the working-age population, and the equivalent environmental changes were also occurring in the domestic road paving industry. Given such circumstances, conventional values were expected to change to pursue improved productivity and efficiency, and the Tender Offeror believed that it was urgent for the Company to respond to these changes. Furthermore, at the time of the 2022 Tender Offer, corporate responsibility to various stakeholders such as thorough compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947), promotion of ESG management (Note 16), and contribution to the achievement of SDGs, etc. had been growing, and the Tender Offeror recognized that it was emerging as a material issue to be addressed by the industry as a whole.

(Note 16) The Tender Offeror holds "The Analects and the Abacus" as its corporate credo and, based on this philosophy, established as its the management principle: "With devotion and a spirit of innovation, we work to create value that exceeds expectations and contribute to a sustainable tomorrow." The Tender Offeror engages in business activities with a strong awareness of the sustainability of not only the Tender Offeror but also society and the environment.

Accordingly, the Tender Offeror believed that, by strengthening its capital relationship with the Company, which has a wide range of businesses including construction business, manufacturing and sales business, and leasing business, the Tender Offeror Group and the Company could expect synergies on a larger scale such as expanding the receipt of orders by strengthening collaborative initiatives in projects, strengthening of business competitiveness by

utilizing mutual customer networks, technologies, base networks, etc., further strengthening of compliance systems, strengthening of coordination in personnel recruitment, and rationalization of research and development systems, by further sharing of management expertise, resources and technological capabilities and exchange of human resources, thereby creating new business opportunities for both the Tender Offeror Group and the Company. The Tender Offeror came to believe that realizing these goals would enable the Tender Offeror Group and the Company to expand their business foundation in the medium- to long- term and realize further growth, greatly enhancing the corporate value of the Tender Offeror Group and the Company as a member of the Tender Offeror Group. Thus, on February 9, 2022, the Tender Offeror resolved to conduct a tender offer for the Company Shares with the aim of making the Company its consolidated subsidiary (the “**2022 Tender Offer**” (Note 17)). As a result of the 2022 Tender Offer, the Tender Offeror came to own 4,403,600 shares of the Company Shares (ownership ratio at that time: 50.10%) as of March 29, 2022, and the Company became a consolidated subsidiary of the Tender Offeror. Subsequently, on October 1, 2023, the Company conducted a 5-for-1 share split of its shares (the “**Share Split**”), and as a result, the Tender Offeror came to own 22,018,000 shares of the Company Shares (ownership ratio: 50.11%) as of today.

(Note 17) The 2022 Tender Offer was conducted with the maximum and minimum numbers of shares to be purchased at 2,220,200 shares, the purchase price per share of the Company Shares at JPY 10,000, and the tender offer period from February 10, 2022 to March 22, 2022.

(b) Background and Purpose of the Tender Offer by the Tender Offeror

Since the time of the transaction making the Company a consolidated subsidiary of the Tender Offeror through the 2022 Tender Offer, the Tender Offeror and the Company have shared management expertise and management resources within the group and worked in unison to enhance the group’s corporate value in order to build a system that leverages each other’s customer networks, technologies, and base networks to capture the demand for large-scale replacement of expressways built during Japan’s high-growth period and to increase orders for civil engineering projects both in Japan and overseas. As a result, the Tender Offeror Group achieved consolidated net sales of JPY 2.0055 trillion in FY 2023, the final year of its Mid-Term Business Plan <2019–2023> for the period from FY 2019 to FY 2023, exceeding the target of JPY 1.88 trillion. As such, the Tender Offeror believes that making the Company its consolidated subsidiary achieved certain results through establishing joint work structures such as holding task-specific subcommittee meetings between the Tender Offeror and the Company and through promoting initiatives for each area by setting common goals. These results include increased orders through joint ventures (JV) formed between the Tender Offeror and the Company, improved business competitiveness through the utilization of each other’s customer networks, technologies, base networks, etc., and the Company’s structural reforms, as well as continued increase in consolidated net sales and ordinary income, etc. after the Tender Offeror made the Company its consolidated subsidiary.

However, various challenges have emerged due to rapid environmental changes and other factors including the impact of the COVID-19 pandemic, the emergence of geopolitical risks, a global shift towards inflationary trends as well as sharp increases in interest rates overseas, the rapid

advancement of labor shortages due to tighter labor regulations, delays in the delivery of materials caused by supply chain disruptions, and rising prices of building materials and equipment installation as well as labor costs. Therefore, the Tender Offeror believes that, compared to the time when it made the Company its consolidated subsidiary through the 2022 Tender Offer, there is an increased need to further improve the corporate value of the Tender Offeror Group as a whole with an even greater sense of urgency going forward. Under such circumstances, with the current business and management environment becoming increasingly severe, the Tender Offeror and the Company expect that changes in the external environment will continue to accelerate in the future and recognize that, in order for the Tender Offeror Group to achieve sustainable growth as a whole, it is essential for the Tender Offeror Group to further improve the ability to respond to such changes by mutually utilizing the management resources of the Tender Offeror Group, including the Company, in a more timely and flexible manner.

In addition, under the current situation where the Tender Offeror and the Company each operate independently as listed companies, if the Tender Offeror provides management resources to the Company, the provider and the beneficiary of the management resources are not always the same, and under such circumstances, if the Tender Offeror were to further provide the Company with the Tender Offeror's management resources that would contribute to improving the corporate value of the Company, there would be a possibility that issues could arise regarding some of the profits flowing out of the Tender Offeror Group. Thus, the Tender Offeror has had to be cautious about implementing agile and effective measures to improve the corporate value of the Tender Offeror Group, including the Company.

At the time of making the Company a consolidated subsidiary through the 2022 Tender Offeror, the Tender Offeror was aware of the possibility that, under the circumstances in which the Company and the Tender Offeror each operated independently as listed companies, the Tender Offeror and the Company could not fully expand their businesses or achieve their objectives through collaboration. At the same time, the Tender Offeror believed at that time that it was important to respect the Company's corporate culture and management autonomy in order to enhance the Company's corporate value and that it was appropriate to maintain the listing of the Company Shares. As such, the Tender Offeror decided to keep the Company as a consolidated subsidiary instead of making it a wholly-owned subsidiary of the Tender Offeror. However, the Tender Offeror once again recognized, in its efforts to expand orders for joint infrastructure construction projects, that the purpose of business expansion through collaboration had not been sufficiently achieved due to the fact that the Company and the Tender Offeror each operated independently as listed companies. Thus, the Tender Offeror came to the realization that, in order to further accelerate business expansion through collaboration, and ultimately, to maximize the corporate value of both the Tender Offeror Group and the Company, it was necessary to create an integrated management structure by making the Company the Tender Offeror's wholly-owned subsidiary. As a result of this realization, in early January 2025, the Tender Offeror's re-examined the optimal capital relationship and alliance relationship with the Company with the aim of maximizing the corporate value of both the Tender Offeror Group and the Company, and on January 9, 2025, the Tender Offeror notified the Company that it had commenced considering the implementation of the Transactions. In response, the Tender Offeror received a reply from the Company on January 28, 2025, to the effect that the Company would also commence considering the implementation of the

Transactions. In mid to late January 2025, the Tender Offeror determined that agile and flexible decision-making and effective utilization of the management resources of the Tender Offeror Group, including the Company, was vital for maintaining a competitive advantage and ensuring the sustainable growth of the Company and thus decided that the best course of action was to eliminate structural conflicts of interest between the Tender Offeror and the Company by making the Company a wholly-owned subsidiary, thereby establishing a management structure that would allow for mutual utilization of the management resources of the Tender Offeror Group, including the Company, in a manner more timely and flexible than ever before.

At the time when the Tender Offeror made the Company its consolidated subsidiary through the 2022 Tender Offer, the Tender Offeror believed that there were advantages to maintaining the Company's public listing, such as securing a pipeline for the Company to directly raise capital from the capital market, gaining social credibility from external parties including its business partners, and maintaining its name recognition. However, as of today, the Tender Offeror believes that the disadvantages associated with the Company's delisting will have a minimal impact for the following reasons: (i) the Company's need for financing can be met through financing from the Tender Offeror Group or loans from financial institutions; (ii) a trusting relationship between the Company and its business partners has already been firmly established to a certain degree, so delisting would not significantly deteriorate the existing business relationships; and (iii) the social credibility and name recognition that the Company has built up through its business operations would not be immediately lost due to its delisting. Furthermore, with the recent revisions of the Corporate Governance Code and the strengthening of regulations on capital markets, the costs required to maintain a public listing of shares, such as the costs of continuous disclosure of securities reports, etc. under the Financial Instruments and Exchange Act and audit costs have been increasing, and the Tender Offeror believes that maintaining the public listing of the shares of the Company would itself become a burden on the management of the Company, and that the benefits of maintaining the Company's public listing do not outweigh the costs associated with it.

The Tender Offeror believes that by making the Company a wholly-owned subsidiary through the Transactions, it can expect the following initiatives and synergies:

(A) Expansion of Orders for Infrastructure Renewal Projects through Strengthening Collaborative Initiatives

The Tender Offeror has been striving to expand orders for infrastructure renewal projects by forming joint ventures (JVs) with the Company since the Company became a consolidated subsidiary. The Tender Offeror, however, recognizes that the business expansion sought through collaboration in this field has not been fully and promptly achieved in the current situation where both the Company and the Tender Offeror operate independently as listed companies and thus, despite the efforts to collaborate and share information between the two companies, there are certain limitations that do not necessarily allow the strengths of both companies to be effectively leveraged, including the fact that, when the Tender Offeror provides business information on projects and clients as well as expertise and technology in areas such as digital transformation (DX), the environment and production processes to the Company, there is a risk that some of the benefits from providing such information to the Company could flow out of the Tender

Offeror Group, causing the Tender Offeror to exercise caution in taking agile and effective measures.

By making the Company a wholly-owned subsidiary, the Tender Offeror believes that it can create an environment in which the Tender Offeror can take the lead in activities to expand orders, allowing the project information of each company to be shared more promptly and closely between them, thereby improving the accuracy of estimates in collaborative activities such as quantity surveying and cost estimation. The Tender Offeror further believes that, by collaborating more effectively in procuring materials and developing technologies, etc., the two companies can reduce construction costs and strengthen price competitiveness.

Through these activities, the Tender Offeror believes that it can improve the track record and construction capabilities of the two companies by accumulating projects and acquiring expertise in the field of infrastructure renewal work in an integrated manner, thereby promoting further expansion of orders through the joint ventures (JV).

(B) Collaboration in Strengthening Business Foundation and in Research and Development under the Shared Medium- to Long-Term Growth Strategies

The Tender Offeror believes that the Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions will enable even closer business alignment and information disclosure with respect to the shared medium- to long-term business strategies of the two companies, and will also create a structure in which the Tender Offeror Group can fully benefit from the mutual utilization of the information on sales activities, clients and procurement as well as expertise and technology in areas such as digital transformation (DX), and the environment and production processes between the Tender Offeror and the Company, and the Tender Offeror will be able to invest its management resources (business information on projects and clients as well as expertise and technology in areas such as digital transformation (DX), the environment and production processes) in the Company more proactively.

The Tender Offeror believes that this will enable both companies to take a medium- to long-term perspective on their business strategies and, based on these strategies, strengthen their business foundation aimed at growth while promoting collaboration in research and development. In terms of specific initiatives, the Tender Offeror envisions the following:

a. Collaboration in sales activities for private-sector clients

The Tender Offeror believes that, while certain results have already been achieved in strengthening the Company's acquisition of private-sector projects through sales activities toward private-sector clients under the collaboration of the two companies, by making the Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror will be able to share its expertise in more depth than before (including information on clients for sales activities and contacts of interpersonal network including key individuals, information on technical training in the specialized field of civil engineering, and the profit and loss status of individual construction projects, etc.). In addition, since the Company has been a consolidated subsidiary of the Tender Offeror but operated independently as a listed

company, there has been a possibility that the Company might not be regarded as equivalent to a business division of the Tender Offeror from the Tender Offeror's important clients who have been placing special orders with the Tender Offeror for many years. However, through the Company becoming a wholly-owned subsidiary of the Tender Offeror, the integration of the management of the Tender Offeror Group and the Company is expected to result in the Company being regarded as equivalent to a business division of the Tender Offeror, which is considered to have higher social recognition as a comprehensive construction company, thereby improving the Company's credibility towards the above important clients of the Tender Offeror. Moreover, there is ample room for the Company to strengthen its technological capabilities by promoting enhanced support from the Tender Offeror in terms of research and development and human resource development aimed at improving the Company's technological capabilities. The Tender Offeror believes that promoting such collaboration between the two companies would enable the Company to expand its private-sector client base and further strengthen the sales of its technologies and products.

b. Collaboration in Overseas Business Expansion

The Tender Offeror believes that the expansion of overseas business is an important issue in the Tender Offeror Group's growth strategy, and that by utilizing the business and procurement networks that the Tender Offeror has established across Southeast Asia as well as in India and Africa, the Company can share medium- to long-term business strategies with the Tender Offeror to expand the Company's business foundation.

Specifically, while the Company has been expanding its overseas business activities primarily focusing on Japanese companies in Thailand and Malaysia, in order to acquire non-Japanese clients and to explore opportunities in new countries, it is essential to earn the trust of new clients and gain a foothold by establishing a supply chain that emphasizes quality assurance and steadily building up a solid track record, rather than pursuing short-term profitability of projects. However, as a listed company, the Company has had to be cautious about taking on projects that are difficult to make profitable. The Tender Offeror also recognized that, from the perspective of respecting the autonomy of the Company as a listed company, the Tender Offeror was limited in how deeply it could be involved in the Company's procurement of individual construction projects, making efficient collaboration difficult. By making the Company a wholly-owned subsidiary of the Tender Offeror through the Transactions, the Tender Offeror will be able to provide more proactive advice and support based on the Tender Offeror Group's business strategy. By having the Company Shares delisted, the Company will no longer need to take into account the interests of its minority shareholders, thus becoming able to secure more orders and build a track record of construction projects that it might have previously avoided undertaking due to short-term profitability concerns and thereby expand its overseas business operations. Additionally, the Tender Offeror believes that, when the Company seeks to receive orders for projects in new countries or regions across Southeast Asia or in India or Africa, it can utilize the Tender Offeror's sales and procurement network in these regions.

c. Collaboration under the Mid-Term Growth Strategies including M&A

The Tender Offeror believes that M&A will be a useful means for the Company to rapidly expand its client base and strengthen its technological and production systems in order to achieve growth.

The Tender Offeror believes that making the Company its wholly-owned subsidiary will enable both companies to share growth strategies from a medium-term perspective and that, in addition to strengthening the construction business that the Company has been engaging in, particularly regarding regional paving companies, the Company will also be able to collaborate on, and consider as a pillar of growth in fields outside of road paving, M&A for expanding into new businesses such as the manufacturing and sale of asphalt materials and co-creation projects. In addition, the Tender Offeror believes that, by utilizing the Tender Offeror's financing capabilities as well as M&A resources and expertise, the Company will be able to acquire companies with business foundations that will lead to its growth, thereby achieving efficient and rapid growth.

d. Strengthening the Collaborative Framework in Research and Development

The Tender Offeror believes that by making the Company its wholly-owned subsidiary, it will be able to provide the Company with management resources (business information on projects and clients as well as expertise and technology in areas such as digital transformation (DX), the environment and production processes) of the Tender Offeror and facilitate research and development by the Company through deeper sharing of research and development topics, and it will also be able to facilitate efficient research and development by promoting active exchanges of human resources between the R&D departments of both companies and by combining the technical capabilities of both companies. The Tender Offeror believes that this will enable both companies to more proactively and efficiently implement technological development in the areas of decarbonization and the environment as well as development and introduction of new construction-related technologies utilizing the latest information and communications technologies.

(C) Strengthening Corporate Governance and Integrated Management

Under the circumstances where the Company Shares are listed and minority shareholders exist, the capital structure is such that conflicts of interest may arise between the Tender Offeror, as the parent company, and the minority shareholders of the Company. In some cases, the Tender Offeror may be prevented from promptly implementing measures that would be meaningful for the enhancement of the corporate value of the Tender Offeror and the Company because the risk of harm to the interests of the Company's minority shareholders cannot be denied.

In contrast, the Tender Offeror believes that making the Company its wholly-owned subsidiary will eliminate the parent-subsidiary listing issue and enable the Company to make prompt decisions and improve its corporate governance under a stable shareholder structure. In addition, the Tender Offeror believes that the Company and the Tender Offeror will be able to optimize management resources, strengthen the recruitment of human resources, and realize flexible human resource allocation through the sharing of human resources. Furthermore, by unifying the overlapping functions of the Tender Offeror and the Company, they will be able to optimize

personnel allocation and reduce common costs within the group, thereby improving cost competitiveness.

(D) Reduction of Listing Maintenance Costs and Streamlining of Fundraising

In maintaining a public listing of the Company Shares, various costs (listing fees, cost of preparing disclosure documents, outsourcing fees for stock transfer agents, audit fees, etc.) and workloads such as responding to minority shareholders associated with maintaining the public listing have become a burden on management. In addition, the Tender Offeror recognizes that the costs required for continuous disclosure and audit have been increasing due to factors such as the recent revisions to the Corporate Governance Code and the strengthening of regulations on capital markets.

In contrast, the Tender Offeror believes that the costs and workloads involved in maintaining the public listing can be reduced if the Company becomes its wholly-owned subsidiary .

Additionally, the Tender Offeror believes that the Company becoming its wholly-owned subsidiary will enable the Company to raise funds for capital expenditures and working capital more quickly and at lower cost by utilizing group financing by the Tender Offeror instead of external financing by the Company itself.

The Tender Offeror has examined the potential dyssynergies between the Tender Offeror Group and the Company Group resulting from the Transactions, but it does not expect any.

Based on the above consideration, from late January to early February 2025, the Tender Offeror appointed Nomura Securities Co., Ltd. (“**Nomura Securities**”) as a financial advisor and third-party valuation agency independent of the Tender Offeror and the Company, and Nagashima Ohno & Tsunematsu as a legal advisor. On February 7, 2025, in order to request the Company to engage in discussions on making the Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer, the Tender Offeror submitted to the Company a written initial proposal (the “**Letter of Intent**”) regarding the synergies, scheme and schedule related to the Transactions. The terms and conditions of the Tender Offer such as the Tender Offer Price were not included in the proposal in the Letter of Intent.

In mid-February 2025, the Tender Offeror and the Company commenced concrete discussions and consideration regarding the scheme, schedule and other matters with respect to the Transactions. Subsequently, the Tender Offeror conducted due diligence on the Company Group from early March to early April 2025 to examine the feasibility of the Tender Offer and the synergies expected by the Tender Offeror. In addition, on March 13, 2025, the Tender Offeror received written questions, in response to the Letter of Intent, from the Special Committee (To be defined in “(i) Establishment of the Review System” in “2. Decision-Making Process and Content and Reasons Thereof in the Company” below. The same applies to hereinafter.) regarding the background of the Tender Offeror’s proposal of the Transactions, the purpose of the Transactions (including the synergies expected to be generated through the Transactions), the intended structure of the Transactions, the Company’s management policy

following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer. On March 19, 2025, the Tender Offeror answered those questions through an interview regarding the background of the proposal of the Transactions, the purpose of the Transactions (including the synergies described in “(A) Expansion of Orders for Infrastructure Renewal Projects through Strengthening Collaborative Initiatives” to “(D) Reduction of Listing Maintenance Costs and Streamlining of Fundraising” above), the intended structure of the Transactions, the Company’s management policy following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer.

In addition, the Tender Offeror comprehensively considered, among other matters, the information obtained through the due diligence conducted by the Tender Offeror on the Company Group, the initial analysis of the value of the Company Shares conducted by Nomura Securities, the financial advisor, based on such information, and the initial analysis of the value of the Company Shares conducted by the Tender Offeror based on such information and, on April 8, 2025, submitted a proposal regarding the Transactions (the “**First Proposal**”), which included the Tender Offer Price at JPY 2,200 (a premium of 23.60% (rounded to the second decimal place; the same applies hereinafter to the calculation of the rates of premiums (%)) on JPY 1,780, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on April 10, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the First Proposal to be a level that gave sufficient consideration to the interests of the Company’s minority shareholders.

In response, on April 17, 2025, the Tender Offeror made a revised proposal (the “**Second Proposal**”), setting the Tender Offer Price at JPY 2,320 (a premium of 18.97% on JPY 1,950, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on April 21, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the Second Proposal to be a level that gave sufficient consideration to the interests of the Company’s minority shareholders.

In response, on April 24, 2025, the Tender Offeror made a revised proposal (the “**Third Proposal**”), setting the Tender Offer Price at JPY 2,420 (a premium of 21.98% on JPY 1,984, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on April 29, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the Third Proposal to be a level that gave sufficient consideration to the interests of the Company’s minority shareholders.

In response, on May 7, 2025, the Tender Offeror made a revised proposal (the “**Fourth Proposal**”), setting the Tender Offer Price at JPY 2,490 (a premium of 28.02% on JPY 1,945, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on May 9, 2025, the Tender

Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the Fourth Proposal to be a level that gave sufficient consideration to the interests of the Company's minority shareholders.

In response, on May 12, 2025, the Tender Offeror made a revised proposal, setting the Tender Offer Price at JPY 2,520 (a premium of 22.57% on JPY 2,056, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). As a result, the Tender Offeror received a response from the Special Committee on May 13, 2025 to the effect that it would accept the Tender Offer Price of JPY 2,520 and reached agreement on this price..

As describe above, in addition to the above agreement on the Tender Offer Price, the Tender Offeror and the Company also agreed today that making the Company a wholly-owned subsidiary of the Tender Offeror and aligning the interests of the Company and the Tender Offeror at a higher level than before, thereby establishing a system that would enable timely and flexible mutual utilization of management resources, would contribute to the enhancement of the corporate value of both companies. Therefore, the Tender Offeror resolved at its board of directors meeting held today to conduct the Tender Offer.

(iii) Management Policy After the Tender Offer

After making the Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror intends to strengthen the collaboration between the Company and the Tender Offeror and to operate in an integrated manner to further share the expertise between the two companies and promote mutual utilization of management resources such as markets, technologies and customers of the two companies in order to achieve the growth strategy.

As of today, the post-transaction management structure of the Company remains undecided. Moreover, the Tender Offeror has no specific assumptions or expectations at this time regarding the Company's management structure, executive composition, or executive dispatch following the transaction. However, it has been indicated that, through discussions with the Company going forward, the parties plan to consider and establish an optimal management structure aimed at implementing the aforementioned measures and further strengthening the management foundation, including reviewing the organizational structure and various functions associated with delisting, as well as communication and reporting systems.

(iv) Details and Reasons for Decision-Making within the Company

(a) Background to the Establishment of the Examination Framework

The Company received a notice from the Tender Offeror on January 9, 2025 stating that the Tender Offeror had commenced consideration of the Transactions. In response to this, on January 28, 2025, the Company answered that it would begin considering the implementation of the Transactions, in preparation for consideration of the Transactions and discussions and negotiations with the Tender Offeror on the Transactions, given that the Tender Offeror, holding 50.11% of the Company Shares, is the Company's controlling shareholder (parent company), the Transactions, including the Tender Offer, constitutes a material transaction with a controlling shareholder and such a transaction

typically involves structural conflicts of interest and information asymmetries, in early February 2025, the Company appointed Mizuho Securities Co., Ltd. (“**Mizuho Securities**”) as a financial advisor and third-party appraiser independent from both the Tender Offeror Group and the Company Group, and Gaien Partners as its legal advisor in order to address those issues and ensure the fairness of the Transactions. Following that, on February 7, 2025, the Company received the Letter of Intent regarding the Transactions from the Tender Offeror. In response to that proposal, the Company, based on advice from Gaien Partners, immediately began establishing a framework to examine, negotiate, and make decisions on the Transactions from an independent standpoint. That framework was designed to ensure the fairness of the Transactions and to consider the enhancement of the Company’s corporate value and the protection of the interests of the Company’s minority shareholders. Specifically, as described in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Company began preparing for the establishment of the Special Committee. Following receipt of the Letter of Intent from the Tender Offeror on February 7, 2025, the Company resolved at a meeting of its Board of Directors held on February 21, 2025 to establish a special committee (the “**Special Committee**”) consisting of three members: Mr. Nozomu Morimura (an independent outside director of the Company), Mr. Taku Matsumoto (an independent outside director of the Company), and Ms. Fumiko Kosao (an independent outside director of the Company). Mr. Nozomu Morimura was appointed as the chairperson of the Special Committee by mutual election of its members, and the composition of the Special Committee has not changed since its establishment. For details on the deliberation process and conclusions of the Special Committee, please refer to “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below. The Board of Directors tasked the Special Committee with examining and providing its opinion on the following matters (collectively, the “**Inquiry Matters**”): (1) whether the purpose of the Transactions is reasonable (including whether the Transactions contributes to enhancing the corporate value of the Company); (2) whether the fairness of the procedures, including the negotiation process and the decision-making process regarding the Transactions, is ensured; (3) whether the terms of the Transactions (including the Tender Offer Price) are reasonable; (4) whether the Transactions (including the decision by the Board of Directors of the Company with respect to the Transactions) is not detrimental to the interests of the Company’s minority shareholders; and (5) whether the Board of Directors of the Company should express its opinion in support of the Tender Offer and resolve to recommend that the shareholders of the Company tender their shares in the Tender Offer. In establishing the Special Committee, the Board of Directors of the Company resolved that (i) its decision-making would give maximum deference to the conclusions of the Special Committee and (ii) if the Special Committee determined that the terms of the Transaction were not reasonable, the Board would not support the Transaction under those terms. In addition, the Board of Directors of the Company granted the Special Committee the authority to (i) request the provision of information necessary to examine and assess the Transaction from the officers and employees of the Company and any other persons the Special Committee deems necessary; (ii) appoint, at its discretion (and at the

Company's expense), independent advisors, including financial or legal advisors, as needed, and to designate or approve (including ex post facto approval) the financial or legal advisors engaged by the Company (the Special Committee may also seek expert advice from the Company's advisors); (iii) substantially participate in the negotiation process concerning the terms and conditions of the Transaction by confirming the negotiation policy in advance, receiving timely updates on the progress, providing opinions, and issuing instructions or requests as necessary, and, if considered necessary by the Special Committee, directly engage in negotiations or discussions regarding the terms and conditions of the Transaction; and (iv) exercise any other authority the Special Committee considers necessary for the examination and assessment of the Transaction (for details of the method of that resolution of the Board of Directors, please refer to "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below).

In addition, as stated in "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Special Committee decided on March 5, 2025, pursuant to the authority granted to it, to appoint Plutus Consulting Co., Ltd. ("**Plutus Consulting**") as its own independent third-party appraiser and TMI Associates as its own independent legal advisor, each of which is independent from both the Tender Offeror Group and the Company Group.

As stated in "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Company obtained the Special Committee's approval for the appointments of Mizuho Securities as the Company's financial advisor and third-party appraiser and Gaien Partners as its legal advisor, after the Committee confirmed that there were no issues with their independence from either the Tender Offeror Group or the Company Group, or with their expertise or track records.

Furthermore, as stated in "(vii) Establishment of an Independent Examination Framework at the Company" in "(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Company established an internal framework to examine, negotiate, and make decisions regarding the Transactions from an independent standpoint (including the scope of the Company's officers and employees involved in the examination, negotiation, and decisions regarding the Transactions and their respective roles). The Company also obtained the approval of the Special Committee confirming that there were no issues with the independence or fairness of that framework.

(b) Background of Examinations and Negotiations

Building on the above, the Company received advice from Mizuho Securities regarding the negotiation policy with the Tender Offeror and other financial matters, as well as a report on the results of its valuation of the Company Shares. the Company also received advice from Gaien

Partners regarding measures to ensure procedural fairness in the Transactions and other legal matters. Taking that advice into account, and giving maximum deference to the opinion of the Special Committee, the Company carefully discussed and considered whether to proceed with the Transactions and whether the terms of the Transactions were reasonable.

In addition, since receiving the Letter of Intent regarding the Transactions from the Tender Offeror on February 7, 2025, the Company has engaged in specific discussions and negotiations with the Tender Offeror toward the implementation of the Transactions.

Specifically, on March 13, 2025, the Special Committee submitted written questions to the Tender Offeror regarding the background of the Tender Offeror's proposal for the Transactions, the purpose of the Transactions (including the synergies expected to be generated through the Transactions), the anticipated structure of the Transactions, the Company's management policy following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer. In response, on March 19, 2025, the Tender Offeror provided written answers to those questions, and at a meeting of the Special Committee held on the same day, the Tender Offeror gave explanations regarding its responses, followed by a Q&A session.

With respect to the Tender Offer Price, the Company engaged in multiple rounds of discussions and negotiations with the Tender Offeror beginning in early April 2025. Specifically, on April 8, the Company received a proposal from the Tender Offeror regarding the Transactions, which included a Tender Offer Price of JPY 2,200. That proposal was based on a comprehensive assessment of (i) the information obtained through the due diligence conducted by the Tender Offeror on the Company Group and (ii) the preliminary valuation analysis of the Company Shares conducted by Nomura Securities, the Tender Offeror's financial advisor, based on that information (the proposed price represented a premium of 23.60% over the closing price of the Company Shares of JPY 1,780 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a premium of 16.28% over the simple average closing price for the preceding one-month period (JPY 1,892) (rounded to the nearest whole yen; the same applies hereinafter to the calculation of simple average closing prices); a premium of 18.22% over the simple average closing price for the previous three-month period (JPY 1,861); and a premium of 23.94% over the simple average closing price for the previous six-month period (JPY 1,775)). However, on April 10, 2025, the Special Committee requested a review of the Tender Offer Price on the grounds that the proposed price did not sufficiently take into account the interests of the Company's minority shareholders. In response, on April 17, 2025, the Tender Offeror submitted a revised proposal that included a Tender Offer Price of JPY 2,320 per share (representing an 18.97% premium over the closing price of the Company Shares of JPY 1,950 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a 22.23% premium over the simple average closing price for the previous one-month period (JPY 1,898); a 23.54% premium over the simple average closing price for the previous three-month period (JPY 1,878); and a 29.68% premium over the simple average closing price for the previous six-month period (JPY 1,789)). However, on April 21, 2025, the Special Committee once again requested a review of the Tender Offer Price on the grounds that the proposed price could not be considered to sufficiently consider the interests of the minority shareholders of the Company. In response, on April 24, 2025, the Tender Offeror submitted a revised proposal that included a Tender Offer Price of JPY 2,420 per share (representing a 21.98% premium over the closing price of the

Company Shares of JPY 1,984 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a 26.57% premium over the simple average closing price for the previous one-month period (JPY 1,912); a 27.84% premium over the simple average closing price for the previous three-month period (JPY 1,893); and a 34.07% premium over the simple average closing price for the previous six-month period (JPY 1,805)). However, on April 29, 2025, the Special Committee again requested a reconsideration of the Tender Offer Price on the grounds that the proposed price could not be considered to sufficiently reflect the interests of the minority shareholders of the Company. In response, on May 7, 2025, the Tender Offeror submitted a revised proposal setting the Tender Offer Price at JPY 2,490 (representing a premium of 28.02% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the immediately preceding business day (JPY 1,945), a premium of 29.76% over the simple average closing price for the past one month (JPY 1,919), a premium of 30.64% over the simple average closing price for the past three months (JPY 1,906), and a premium of 36.36% over the simple average closing price for the past six months (JPY 1,826)). However, on May 9, 2025, the Special Committee again requested a reconsideration of the Tender Offer Price, stating that the proposed price could not be regarded as a level that sufficiently considers the interests of the Company's minority shareholders. In response, on May 12, 2025, the Tender Offeror submitted a final proposal setting the Tender Offer Price at JPY 2,520 (representing a premium of 22.57% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the immediately preceding business day (JPY 2,056), a premium of 28.37% over the simple average closing price for the past one month (JPY 1,963), a premium of 31.52% over the simple average closing price for the past three months (JPY 1,916), and a premium of 37.18% over the simple average closing price for the past six months (JPY 1,837)). In response, on May 13, 2025, the Special Committee responded by indicating its agreement to set the Tender Offer Price at JPY 2,520 and reached an agreement based on a comprehensive assessment of the matters described in Item iii in "(B) Reasons for the Findings of the Special Committee Report" in "(c) Content of Decision" in "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest."

Throughout the above discussions and negotiations, the Company conducted its review of the Tender Offer Price during consultations and negotiations with the Tender Offeror based on the opinions received from the Special Committee and advice from Mizuho Securities and Gaien Partners. At the same time, the Special Committee received advice from its legal advisor, TMI Associates, as needed, engaged in exchanges of views with the Company and its advisors, and provided appropriate confirmations and approvals as necessary. Specifically, the contents of the Business Plan (defined below, hereinafter the same)—along with its key assumptions and the background of its preparation—which was presented by the Company to the Tender Offeror and used as the basis for the share valuation conducted by Mizuho Securities and Plutus Consulting, was reviewed in advance by the Special Committee and approved after the Special Committee confirmed its reasonableness. Moreover, Mizuho Securities, the Company's financial advisor, conducted negotiations with the Tender Offeror in accordance with the negotiation policy that had been deliberated and determined in advance by the Special Committee. Each time the Tender Offeror submitted a proposal regarding the Tender Offer Price, Mizuho Securities immediately

reported the details to the Special Committee and, in turn, received the Special Committee's opinions, instructions, and requests concerning the negotiation policy and other relevant matters. Mizuho Securities then acted in accordance with those instructions, etc.

On May 13, 2025, the Company received a report (the “**Special Committee Report**”) from the Special Committee stating the following: (i) it is recognized that the Transactions will contribute to enhancing the Company's corporate value and the purpose of the Transactions is reasonable; (ii) appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair; (iii) the offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable; (iv) the Transactions are not considered detrimental to the interests of the Company's minority shareholders and are fair to the general shareholders of the Company; and (v) the Special Committee supports the Board of Directors of the Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Company tender their shares in the Tender Offer. (For a summary of the Special Committee Report, please refer to “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.) Additionally, on May 13, 2025, the Special Committee received from Plutus Consulting a share valuation report regarding the Company Shares (the “**Share Valuation Report (Plutus Consulting)**”) and a fairness opinion stating that the Tender Offer Price of JPY 2,520 per share is fair to the general shareholders of the Company from a financial point of view (the “**Fairness Opinion**”). (For a summary of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, please refer to “(ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” under “(3) Matters Concerning Valuation” below.)

(c) Content of Decision

In light of the above developments, the Company carefully discussed and considered at the Board of Directors meeting held today (i) whether the Transactions, including the Tender Offer, would contribute to enhancing the Company's corporate value and (ii) whether the terms of the Transactions, including the Tender Offer Price, are reasonable. In doing so, the Company gave maximum deference to the determinations set forth in the Special Committee Report and took into account financial advice received from Mizuho Securities, its financial advisor, legal advice received from Gaien Partners, its legal advisor, and the contents of the share valuation report regarding the Company Shares submitted by Mizuho Securities on May 13, 2025 (the “**Share Valuation Report (Mizuho Securities)**”).

As a result of these deliberations, and as further described below, the Company concluded that making the Company a wholly-owned subsidiary through the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the corporate value of the Company.

With respect to the environment surrounding the domestic road paving industry in which the Company Group operates, according to the “First Mid-term Plan for the Implementation of National Resilience (Draft),” presented in the materials from the 22nd meeting of the National

Resilience Promotion Headquarters dated April 1, 2025, the government is expected to allocate a budget exceeding JPY 20 trillion in the “Mid-term Plan for the Implementation of National Resilience” (covering FY 2026 to FY 2030), which it aims to finalize in June 2025. This exceeds the JPY 15 trillion budget of the “Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience” (covering FY 2021 to FY 2025). Accordingly, the Company Group recognizes that the external environment is likely to remain stable over the next five years (through FY 2029). In addition, expectations are high for initiatives such as the development of a seamless network and automated logistics roads based on “WISENET2050,” which is being launched by the Ministry of Land, Infrastructure, Transport and Tourism following the release of the “Interim Summary on the Future of the High Standard Highway Network” by the National Highways Subcommittee of the Roads Committee under the Infrastructure Development Council on October 31, 2023, as well as infrastructure reinforcement plans under the fundamental enhancement of Japan’s defense capabilities. Although the Company’s financial results can be forecasted to a certain extent over the next five years, the outlook beyond that remains uncertain due to various factors. These include the potential for a declining trend in public investment as Japan’s fiscal condition is expected to worsen with the ongoing population decline caused by Japan’s aging and shrinking population, as well as the possibility of profit margins being squeezed due to rising raw material costs stemming from continued inflationary trends and increases in crude oil prices. In light of these uncertainties surrounding the market environment in the next 10 to 20 years, the Company believes it is necessary to expand its business areas and improve profitability in order to adapt to market conditions over the next 10 to 20 years. In addition, the Company recognizes the urgent need to improve productivity and implement automation and labor-saving measures in response to the chronic shortage of engineers and laborers. Furthermore, it acknowledges the necessity of ensuring quality in line with recent societal trends, reinforcing compliance, improving the workplace environment through work style reforms, and promoting diversity, equity, and inclusion (DE&I).

In light of the business environment surrounding the Company Group described above, the Company has determined that becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions will eliminate the structural conflict of interest between the Tender Offeror and the Company’s minority shareholders, enable the Tender Offeror to further invest management resources into the Company Group, and allow for the implementation of the following initiatives to realize synergies.

(A) Expansion of orders through strengthened collaboration on infrastructure renovation projects

Since becoming a consolidated subsidiary of the Tender Offeror, the Company has formed joint ventures (JVs) with the Tender Offeror and has been engaged in site preparation and infrastructure renovation projects. However, under the current circumstances in which both the Company and the Tender Offeror maintain their independence as listed companies, coordination and sharing of such information between the two companies results in that information being disclosed outside the Company Group. As a result, the parties are inevitably cautious in determining whether to provide such information and in defining the scope of information that can be shared. These limitations have led to challenges in achieving mutual understanding of strategic direction and in the speed of decision-making, which has led to lost

order acquisition opportunities. Making the Company a wholly-owned subsidiary would eliminate those restrictions, and by reviewing approval authority and related processes, it is expected to strengthen close and swift communication, thereby accelerating the expansion of order acquisition through the formation of joint ventures (JVs).

- (B) Strengthening the business foundation and collaboration in research and development under a shared medium- to long-term growth strategy

With respect to overseas operations, as with the expansion of orders through strengthened collaboration on infrastructure renovation projects described in (A) above, limitations on collaboration and information sharing between the two companies have been a major factor preventing the Company from sufficiently pursuing the acquisition of non-Japanese clients, the entry into new overseas markets, and the expansion of its business areas—including ODA projects—in its overseas activities, which have primarily focused on Japanese companies in Thailand and Malaysia. However, by becoming a wholly-owned subsidiary, the Company believes it will be able to further strengthen information sharing on potential projects with the Tender Offeror and enhance joint customer outreach, thereby enabling the expansion of those business areas. The Company also believes that, with respect to M&A, becoming a wholly-owned subsidiary will enhance information sharing, enabling it to leverage the Tender Offeror's financial strength and its M&A-related resources and know-how to swiftly acquire companies with solid business foundations that contribute to the growth of the Company Group, thereby enabling effective and rapid growth of the Company Group. Through these initiatives, information sharing with the Tender Offeror is expected to broaden the scope of utilizing its private-sector sales network, and by strengthening sales efforts aimed at securing direct orders from private-sector clients, the Company Group anticipates increases in orders received and net sales. An increase in high-quality direct orders is also expected to improve the profitability of the Company Group as a whole.

In bidding for government projects, due to limitations on collaboration from the perspective of maintaining independence, the Company had been unable to fully share cost estimation and technical proposal know-how, making it difficult to submit highly competitive proposals and resulting in lost order opportunities. However, the Company believes that becoming a wholly owned subsidiary will enable it to acquire the Tender Offeror's expertise in government cost estimation and technical proposal preparation, leading to the creation of new order opportunities. In addition, with respect to procurement, because it was necessary to maintain a purchasing system independent from the Tender Offeror, the Company had, in principle, procured materials independently. However, becoming a wholly owned subsidiary will make it possible to utilize the Tender Offeror's purchasing system, and the Company believes that larger lot sizes will allow for lower unit prices, thereby contributing to a reduction in construction costs.

With respect to research and development, the Company recognizes the need to actively pursue automation and labor-saving measures, efficiency improvements, enhanced durability, and reduced environmental impact going forward. However, due to constraints on information sharing, the scope of joint research has been limited, and there have been limits to what the Company Group could achieve on its own. By becoming a wholly owned subsidiary, the

Company will be able to leverage the Tender Offeror's management resources—including sales information on projects and clients, as well as know-how and technologies related to DX, the environment, and production processes—to more deeply align on research and development themes and promote collaborative efforts. This is expected to contribute to achieving carbon neutrality by 2050, reducing costs through automation and labor-saving measures, and advancing the Work motivation reform.

(C) Strengthening corporate governance and integrated management

The Company believes that becoming a wholly-owned subsidiary of the Tender Offeror would resolve the parent-subsidary listing issue, thereby enabling more rapid decision-making and enhanced corporate governance. From the perspective of integrated operations, the Company believes that it will be able to collaborate with the Tender Offeror on new graduate and mid-career recruitment efforts by leveraging the Tender Offeror's brand, thereby enhancing its ability to secure talent.

From the perspective of the Work motivation reform and the promotion of DE&I, the Company has been advancing work style reforms targeting the so-called "2024 issue," focusing on reducing overtime hours and ensuring days off. In addition, as of April 2025, it has implemented a reform of its personnel system aimed at promoting diversity, equity, and the active participation of women. The Company believes that, by becoming a wholly-owned subsidiary, it will be able to further improve operational efficiency through the use of the Tender Offeror's cutting-edge DX and AI technologies, and more swiftly establish new ways of working. In addition, through training on diversity and equity based on the DE&I policies actively promoted by the Tender Offeror, the Company aims to become a company where employees feel a strong sense of purpose and fulfillment in their work.

(D) Reduction of listing maintenance costs and operational burden, and streamlining of financing

From the perspective of reducing listing maintenance costs and operational burden, the Company believes that becoming a wholly-owned subsidiary would alleviate the workload related to listing maintenance (such as listing fees, costs for the preparation of disclosure documents, fees paid to stock transfer agents, audit fees, and costs associated with earnings briefings) as well as the burden of dealing with minority shareholders. This would enable optimal personnel allocation, including the reassignment of staff to busy production sites, and lead to cost reductions.

From a financing perspective, the Company believes that, when necessary, it will be able to utilize group financing through the Tender Offeror to raise funds at a lower cost.

The Company has also considered the potential disadvantages of becoming a private company through the Transactions, including the impact of a decline in brand strength as a listed company on external credibility, including with business partners and other stakeholders; the potential decrease in employee motivation; the possibility of increased difficulty in securing talent; and the inability to raise funds through equity financing from the capital markets.

Both the Tender Offeror and the Company have already established a certain level of

recognition within the industry and have earned social credibility as listed companies. Therefore, the Company believes that becoming a wholly owned subsidiary of the Tender Offeror through the Transactions is unlikely to have a negative impact on its external credibility, including with business partners and other stakeholders. In addition, given the Company's current financial condition, there is no foreseeable need to raise funds through equity financing in the near term, and the Company believes that it will continue to have access to funding through group financing within the Tender Offeror Group, making it unlikely that the Transactions would hinder its ability to raise capital. The Company believes that becoming a wholly-owned subsidiary will be acceptable to the business partners, employees, and other stakeholders of the Company Group, in light of the following: with respect to the management structure of the Company following the Transactions, the Tender Offeror does not intend to change the Company's name and intends to maintain the current management and operational policies, which respect the Company's managerial independence; the future management structure of the Company will be determined through discussions between the two companies, and will include consideration of the organizational structure and various functions associated with delisting, as well as revisions to reporting and communication systems, with the aim of implementing various initiatives and further strengthening the business foundation of the Company; and the Tender Offeror plans to maintain the employment of the Company's employees after the Tender Offer and, in principle, to maintain their current working conditions.

The Company has also determined, based on the following factors, among others, that the Tender Offer Price and the other terms and conditions of the Tender Offer (including the fact that a so-called "Majority of Minority" has not been set and the duration of the tender offer period (the "**Tender Offer Period**")) are reasonable, and that the Tender Offer provides the shareholders of the Company with an opportunity to sell the Company Shares at a price with a reasonable premium and under reasonable terms and conditions.

- a. As stated in "(i) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser" in "(3) Matters Concerning Valuation" below, the Tender Offer Price exceeds the upper limit of the calculation results based on the market price method as calculated by Mizuho Securities in its valuation of the Company Shares, falls within the range of the calculation results based on the comparable company analysis method, and is within the range of the calculation results based on the discounted cash flow method (the "**DCF Analysis**").
- b. As stated in "(ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser" in "(3) Matters Concerning Valuation" below, the Tender Offer Price exceeds the upper limit of the calculation results based on the market price method as calculated by Plutus Consulting in its valuation of the Company Shares, falls within the range of the calculation results based on the comparable company analysis method, and is above the median of the calculation results based on the DCF Analysis. In addition, the Special Committee has obtained a Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair to the general shareholders of the Company from a financial point of view.

- c. The Tender Offer Price of JPY 2,520 per share represents a premium of 16.18% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025 (JPY 2,169) (rounded to the second decimal place; hereinafter the same with respect to premium percentages), a premium of 26.63% over the simple average closing price for the most recent one-month period (JPY 1,990), a premium of 30.84% over the simple average closing price for the most recent three-month period (JPY 1,926), and a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845). While these premiums are all below the median premium rates (41.40%, 43.00%, 40.00%, and 38.77%, respectively) of 75 similar tender offers (tender offers aimed at making a company a wholly owned subsidiary by a controlling shareholder (excluding MBOs, cases with no minority squeeze-out measures following the tender offer, and two-step tender offers) announced after the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A” on June 28, 2019 (using the business day immediately preceding the public announcement as the reference date for calculating the premium over the closing price and the simple average closing prices for the past one, three, and six months)), it is believed that the following factors should be taken into account when assessing the premium levels: (i) (a) The volatility of the Company’s share price over the most recent one-month period was 12.97%, while the average monthly volatility over the preceding six-month period (October 2024 to March 2025) was 6.80%, indicating a very high level of volatility in the most recent month. (b) Over the four trading days immediately preceding the announcement date, the Company’s market share price rose sharply by 9.82%, and the average daily trading volume during this period was 187,225 shares, compared to the average daily trading volume of 60,129 shares over the past year. Given that the average daily trading volume of the Company Shares increased significantly and the Company made no new timely disclosures during that four-trading day period, it is reasonably inferred that speculative trading exceeding normal volumes took place during that time, resulting in a sudden surge in the market price of the Company Shares. In light of (a) and (b) above, it is not appropriate to place undue weight on short-term market prices—particularly the market price on the business day immediately preceding the announcement date, the one-month average market price, or the three-month average market price which tends to be influenced by such recent levels—and instead it is considered appropriate to place greater weight on the comparison with the simple average closing price over the past six months, which is a longer-term indicator. While the median premium rate over the simple average closing price for the past six months in similar cases is 38.77%, the Tender Offer Price represents a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845), with a deviation of only 2.18%, which is considered small. (ii) (a) Since April 7, 2025, both the Nikkei Stock Average and the share price of the Company Shares have risen sharply (specifically, the Nikkei Stock Average rose by JPY 7,047 (22.63%) from the closing price of JPY 31,136 on April 7, 2025 to JPY 38,183 on May 13, 2025, the business day immediately before the public announcement; the Company’s share price rose by JPY 389 (21.85%) from the closing price of JPY 1,780 on April 7, 2025 to JPY 2,169 on May 13, 2025, the business day immediately before the public announcement). (b) According to newspaper and other media reports, the rise in share price was likely driven by the announcement and subsequent suspension of reciprocal tariffs in the United States. (c)

Since April 7, 2025, the Company has not made any new timely disclosures, and the share price fluctuations of the Company Shares are not considered to reflect any specific public announcements made by the Company. In view of the above, the share price of the Company Shares on the business day immediately prior to the announcement and the average prices over the past one month may have been temporarily affected by the reciprocal tariff announcements. Therefore, when also referencing premium rates based on April 4, 2025, the business day immediately preceding the sharp rise in share prices, the premium rates over the closing price on that day and the simple average closing prices for the past one, three, and six months as of that day were 39.23%, 32.49%, 35.48%, and 41.97%, respectively, and the premium over the simple average closing price for the past six months exceeded the median premium rate over the past six months in similar cases. Based on the above, it is believed that the Tender Offer Price includes a premium that is not inferior to those in the comparable cases described above.

- d. The Tender Offer Price exceeds the Company's highest share price of JPY 2,410 (which was the highest intraday price recorded on January 4, 2024).
- e. Measures to ensure the fairness of the Tender Offer, as described in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, have been taken and it is recognized that the interests of the minority shareholders of the Company are being protected.
- f. It is also noted that, after the implementation of those measures, the Company engaged in good-faith negotiations with the Tender Offeror with substantial involvement of the Special Committee, which is independent from both the Company Group and the Tender Offeror Group, and that the Tender Offer Price reflects an increase from the initial proposed price of JPY 2,200 presented by the Tender Offeror.
- g. As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Special Committee Report obtained from the Special Committee, which is independent from the Company, determined that the terms of the Transactions, including the Tender Offer Price, are fair and reasonable.

In addition, as described in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, although a so-called “Majority of Minority” (setting of a minimum number of shares to be tendered by minority shareholders) has not been set for the Tender Offer, it is understood that other measures have been sufficiently taken to ensure the fairness of the Tender Offer Price. In light of that, the absence of a so-called “Majority of Minority” alone does not mean that appropriate measures to ensure fairness have not been taken. Further, as stated in “(x) Measures to Ensure Opportunities for the Company's Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and

Measures to Avoid Conflicts of Interest” below, the Tender Offer period has been set at 30 business days, even though the statutory minimum is 20 business days. Considering these factors, it is believed the terms of the Tender Offer other than the Tender Offer Price also give consideration to ensuring the fairness of the Tender Offer and are reasonable.

In light of the above, the Company has determined that the Transactions will contribute to enhancing its corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of the Board of Directors held today, the Company resolved to express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer.

For details of the method of that resolution of the Board of Directors, please refer to “(viii) Approval of All Disinterested Directors of the Company and Opinion of No Objection of All Corporate Auditors Disinterested in the Company” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(3) Matters Concerning Valuation

(i) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser

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

In expressing its opinion on the Transactions, including the Tender Offer, the Company requested Mizuho Securities, a financial advisor and third-party appraiser independent from both the Company and the Tender Offeror, to evaluate the value of the Company Shares in order to ensure the fairness of the decision-making process regarding the Tender Offer Price proposed by the Tender Offeror. As a result, the Company obtained the Share Valuation Report (Mizuho Securities) dated May 13, 2025.

Mizuho Securities is not a related party of either the Company or the Tender Offeror and does not have any material interest in the Transactions, including the Tender Offer. While Mizuho Bank, Ltd. (“**Mizuho Bank**”), a group company of Mizuho Securities, is a shareholder of the Tender Offeror and engages in ordinary banking transactions, including loan transactions, with both the Company and the Tender Offeror, and while Mizuho Trust & Banking Co., Ltd. (“**Mizuho Trust Bank**”), also a group company of Mizuho Securities, engages in ordinary banking transactions, including loan transactions, with both the Company and the Tender Offeror, neither Mizuho Bank nor Mizuho Trust Bank has any material interest that would give rise to a conflict of interest with the Company or the Tender Offeror with respect to the Transactions, including the Tender Offer. According to Mizuho Securities, in accordance with Article 36, paragraph (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments Business (Cabinet Office Ordinance No. 52 of 2007, as amended), it has established and implemented appropriate conflict of interest management systems, including information barriers between Mizuho Securities, Mizuho Bank, and Mizuho Trust Bank, and has conducted the valuation of the Company Shares from an independent position, separate from Mizuho Bank’s status as a shareholder and lender and Mizuho Trust Bank’s status as a lender. The

Company has determined that there are no particular issues with requesting Mizuho Securities to conduct the valuation of the Company Shares in light of the fact that appropriate measures to prevent adverse effects have been implemented between Mizuho Securities, Mizuho Bank, and Mizuho Trust Bank; that transactions between the Company and Mizuho Securities are conducted under terms equivalent to those with general business partners, thereby ensuring sufficient independence in performing its duties as a financial advisor and third-party appraiser for the Transactions; and that Mizuho Securities has a proven track record of serving as a third-party appraiser in similar past cases. In addition, the compensation to be paid to Mizuho Securities in connection with the Transactions consists solely of a fixed fee that is payable regardless of whether the Transactions are successfully completed, and does not include any incentive fee contingent upon the announcement or completion of the Transactions. At the meeting of the Special Committee held on February 21, 2025, after confirming that there were no particular issues regarding the independence and expertise of Mizuho Securities, the Special Committee approved the appointment of Mizuho Securities as the Company's financial advisor and third-party appraiser.

(b) Summary of Calculation

As a result of considering which of several share valuation methods should be applied, Mizuho Securities adopted the market price method, given that the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and have a market price. In addition, as there are several listed companies engaged in businesses relatively similar to that of the Company, making it possible to infer share value through comparison, Mizuho Securities also adopted the comparable company analysis method. Furthermore, in order to reflect the Company's future business activities in the valuation, Mizuho Securities applied the DCF Analysis. Using these methods, Mizuho Securities evaluated the per-share value of the Company Shares, and the Company obtained the Share Valuation Report (Mizuho Securities) from Mizuho Securities on May 13, 2025. In light of the fact that sufficient measures to ensure fairness have been implemented, including those described in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” and “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Company has not obtained a written opinion (fairness opinion) from Mizuho Securities stating that the Tender Offer Price is fair from a financial point of view for the shareholders of the Company other than the Tender Offeror.

According to the Share Valuation Report (Mizuho Securities), the ranges of per-share value of the Company Shares calculated based on each of the above methods are as follows.

Market price method:	JPY 1,845 – JPY 2,169
Comparable company analysis method	JPY 2,491 – JPY 3,099
DCF Analysis	JPY 1,996 – JPY 3,135

Under the market price method, using May 13, 2025, the business day immediately preceding the announcement date of the Tender Offer, as the reference date, Mizuho Securities calculated the per-

share value range of the Company Shares to be from JPY 1,845 to JPY 2,169, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date (JPY 2,169), the simple average of the closing prices for the previous one-month period up to and including the reference date (JPY 1,990; rounded to the nearest yen, hereinafter the same with respect to each simple average), the simple average of the closing prices for the previous three-month period (JPY 1,926), and the simple average of the closing prices for the previous six-month period (JPY 1,845).

Under the comparable company analysis method, Mizuho Securities selected Toa Road Corporation and Seikitokyu Kogyo Co., Ltd. as listed companies engaged in businesses relatively similar to that of the Company, and calculated the value of the Company Shares using the EBITDA multiples to enterprise value. Based on that analysis, Mizuho Securities calculated the per-share value range of the Company Shares to be from JPY 2,491 to JPY 3,099.

Under the DCF Analysis, Mizuho Securities calculated the enterprise value and equity value of the Company by discounting, at a certain discount rate, the free cash flow the Company is expected to generate from the fourth quarter of the fiscal year ended March 2025 based on the Company's business plan for the period from the fiscal year ended March 2025 to the fiscal year ending March 2030 (the “**Business Plan**”), along with investment plans and other factors contained therein, as well as publicly available information. Based on this analysis, Mizuho Securities calculated the per-share value range of the Company Shares to be from JPY 1,996 to JPY 3,135. The discount rate applied ranged from 6.3% to 7.3%. In addition, in calculating the going concern value, Mizuho Securities adopted both the perpetuity growth method and the exit multiple method. Under the perpetuity growth method, a perpetual growth rate of -0.5% to 0.5% was applied, and under the exit multiple method, an EBITDA multiple of 6.1 times to 8.1 times was applied.

The financial projections used as the basis for the analysis using the DCF Analysis are as follows, and although they do not include fiscal years in which significant increases or decreases in profit are expected, they do include fiscal years in which significant fluctuations in free cash flow are expected. For the fiscal year ended March 2025, free cash flow is expected to increase by JPY 11,551 million from the previous fiscal year due to a decrease in capital expenditures for complex facilities and a smaller increase in working capital.

In addition, the financial projections do not reflect any synergies expected to be realized through the execution of the Transactions, as it is currently difficult to estimate them with specificity, and such synergies were not included in the valuation conducted by Mizuho Securities, which was based on those projections. The Special Committee conducted a Q&A session with the Company regarding the content and preparation process of those financial projections, and confirmed that there were no unreasonable aspects in light of the interests of the minority shareholders of the Company.

(Unit: million yen)

	Fiscal year ended March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030

	(three months)					
Net sales	42,457	167,000	169,000	172,500	177,000	180,000
Operating income	2,480	9,400	10,100	10,800	12,000	13,000
EBITDA	3,850	13,538	13,835	14,328	15,400	16,220
Free cash flow	(1,228)	4,760	5,747	4,204	5,251	6,121

In calculating the share value of the Company Shares, Mizuho Securities has, in principle, used the information provided by the Company and publicly available information as is, assumed that all such information is accurate and complete, and has not independently verified the accuracy and completeness of such information. In addition, with respect to the financial forecasts and other future information (including forecasts of future revenues and expenses, forecasts of cost savings, and business plans) of the Company and its affiliates, Mizuho Securities has assumed that such information has been reasonably prepared or created by the management of the Company based on the best and most sincere forecasts and judgments available at this time, and has not independently verified the feasibility of such information. With respect to the assets and liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) and allowances of the Company and its affiliates, Mizuho Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party institution to conduct any such evaluation, appraisal, or assessment. The valuation by Mizuho Securities reflects the information and economic conditions available to Mizuho Securities as of May 13, 2025 (provided, however, that the financial information is as of the end of December 2024 (end of the third quarter)). The sole purpose of the calculation by Mizuho Securities is to contribute to the reference for the Board of Directors of the Company to consider the Tender Offer Price.

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

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

In examining the Inquiry Matters, the Special Committee requested Plutus Consulting, an independent third-party appraiser independent of both the Tender Offeror Group and the Company Group, to evaluate the value of the Company Shares, conduct related financial analyses, and provide an opinion on the fairness of the Tender Offer Price (the Fairness Opinion), in order to ensure the fairness of the transaction terms related to the Transactions, including the Tender Offer Price. As a result, the Special Committee obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, both dated May 13, 2025.

Plutus Consulting is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(6) Measures to Ensure the Fairness of the

Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Special Committee selected Plutus Consulting as its independent third-party appraiser after considering the independence, expertise, and track record of several candidate third-party appraisers. In addition, the compensation to be paid to Plutus Consulting in connection with the Transactions consists solely of a fixed fee that is payable regardless of whether the Transactions are successfully completed, and does not include any incentive fee contingent upon the completion or other outcome of the Transactions, including the Tender Offer.

(b) Summary of Calculation

Plutus Consulting considered various valuation methods to determine which should be applied in valuing the Company Shares. Based on the premise that the Company is a going concern and the view that it would be appropriate to conduct a multifaceted evaluation of the value of the Company Shares, Plutus Consulting adopted the market price method, taking into account trends in the market price of the Company Shares; the comparable company analysis method, as there are multiple listed companies comparable to the Company, making it possible to estimate the value of the Company Shares by comparison; and the DCF Analysis, in order to reflect the Company’s performance and forecasts in the valuation. Using these methods, Plutus Consulting analyzed and valued the per-share value of the Company Shares, and the Special Committee obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion from Plutus Consulting on May 13, 2025.

The ranges of the per-share value of the Company Shares calculated based on each of the above methods are as follows.

Market price method:	JPY 1,845 – JPY 2,169
Comparable company analysis method	JPY 2,222 – JPY 2,961
DCF Analysis	JPY 2,097 – JPY 2,821

Under the market price method, using May 13, 2025 as the valuation reference date, Plutus Consulting calculated the per-share value range of the Company Shares to be from JPY 1,845 to JPY 2,169, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date (JPY 2,169), the simple average of the closing prices for the previous one-month period (from April 14, 2025 to May 13, 2025) (JPY 1,990), the previous three-month period (from February 14, 2025 to May 13, 2025) (JPY 1,926), and the previous six-month period (from November 14, 2024 to May 13, 2025) (JPY 1,845).

Under the comparable company analysis method, Plutus Consulting selected Toa Road Corporation, Seikitokyu Kogyo Co., Ltd., and Nichireki Group Co, Ltd. as listed companies considered to be similar to the Company, and calculated the value of the Company Shares using EBIT and EBITDA multiples relative to enterprise value. Based on that analysis, Plutus Consulting calculated the per-share value range of the Company Shares to be from JPY 2,222 to JPY 2,961.

Under the DCF Analysis, Plutus Consulting analyzed the enterprise value and equity value of the Company by discounting, at a certain discount rate, the free cash flows the Company is expected

to generate from the fourth quarter of the fiscal year ending March 2025 based on the Business Plan. That analysis was conducted using revenue, investment plans, publicly available information, and other factors contained in the five-year business plan covering the fiscal year ending March 2025 through the fiscal year ending March 2030. Based on that analysis, Plutus Consulting calculated the per-share value range of the Company Shares to be from JPY 2,097 to JPY 2,821. The discount rate applied ranged from 7.7% to 10.8%, and in calculating the going concern value, Plutus Consulting used both the perpetual growth method and the multiple method. A perpetual growth rate of 0% was used, and the equity value was calculated using EBIT and EBITDA multiples, which were set at 8.3 times and 6.0 times, respectively.

The financial projections used as the basis for the analysis using the DCF Analysis are as follows, and while they do not include fiscal years in which significant fluctuations in profit or loss are expected, they do include fiscal years in which significant fluctuations in free cash flow are expected. Specifically, free cash flow is expected to fluctuate significantly in each fiscal year due to the following factors: an increase in working capital in the fiscal year ending March 2027; a decrease in working capital and an increase in capital expenditures in the fiscal year ending March 2028; and a decrease in capital expenditures in the fiscal year ending March 2029. In addition, except for the cost savings expected from the elimination of listing maintenance costs, the financial projections below do not reflect any synergies expected to be realized through the execution of the Transactions, as it is currently difficult to estimate them with specificity.

	(Unit: million yen)					
	Fiscal year ended March 2025 (three months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Net sales	42,457	167,000	169,000	172,500	177,000	180,000
Operating income	2,480	9,400	10,100	10,800	12,000	13,000
EBITDA	3,850	13,576	13,873	14,366	15,438	16,258
Free cash flow	(950)	4,823	2,749	3,997	5,752	5,686

(c) Summary of the Fairness Opinion

On May 13, 2025, the Special Committee obtained the Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the shareholders of the Company (excluding the Tender Offeror and the Company). The Fairness Opinion expresses the view that, in light of the valuation results of the Company Shares based on the Business Plan, the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the general shareholders of the Company. Plutus Consulting issued the Fairness Opinion following valuation of the Company Shares after the Company disclosed and explained to Plutus Consulting the current status of the business of the Company Group, and the business forecast, etc. and after undergoing a process consisting of question-and-answer sessions with the Company regarding the overview, background, and purpose of the Tender Offer, analysis of the Company Group's business environment, and the economic, market, and financial situation to the extent it

deemed necessary, and a review by an examination committee independent of the engagement team.

(Note) In preparing the Fairness Opinion, Plutus Consulting relied on the materials provided by the Company, publicly available information, and information obtained from the Company, on the assumption that such information is accurate and complete. Plutus Consulting did not independently investigate or verify the accuracy or completeness of that information and is not obligated to do so, and therefore assumes no responsibility for any deficiencies in those materials or for any failure to disclose material facts.

Plutus Consulting assumed that the Business Plan and other materials used as the basis for the Fairness Opinion were reasonably prepared based on the best forecasts and judgments available at the time of their preparation. Plutus Consulting does not guarantee the feasibility of those projections and does not express any opinion on the analyses or forecasts underlying those materials or the assumptions on which they were based.

Plutus Consulting is not a legal, accounting, or tax advisory firm. Accordingly, Plutus Consulting does not express any opinion on, and is not obligated to address, any legal, accounting, or tax matters related to the Tender Offer.

Plutus Consulting has not conducted any independent evaluation or appraisal with respect to the assets and liabilities of the Company and its affiliates (including off-balance-sheet assets and liabilities and other contingent liabilities), including any analysis and valuation of individual assets and liabilities, nor has it received any evaluation reports or appraisal reports concerning those matters. Accordingly, Plutus Consulting has not conducted any evaluation of the solvency of the Company or its affiliates.

The Fairness Opinion represents a statement of opinion from a financial point of view on the fairness of the Tender Offer Price, prepared for the purpose of assisting the Company in its deliberations in expressing its opinion on the Tender Offer. Accordingly, the Fairness Opinion does not express any opinion on the relative merits of the Tender Offer compared to any alternative transactions, the benefits that might result from the conduct of the Tender Offer, or whether the Tender Offer should be conducted.

The Fairness Opinion does not express any opinion to the holders of securities issued by the Company or the creditors or other related parties of the Company, and Plutus Consulting is not liable in any way to any shareholders or third parties that rely on the Fairness Opinion.

Plutus Consulting does not solicit, and is not authorized to solicit, investments in the Company. Accordingly, the Fairness Opinion does not constitute a recommendation to shareholders on whether to tender their shares or take any other action in connection with the Tender Offer.

The Fairness Opinion is an opinion as of the date of its submission, on whether the Tender Offer Price is fair to the general shareholders of the Company from a financial point of view, based on the financial and capital markets, economic conditions, and other circumstances as of the date on which the Fairness Opinion was submitted, as well as on information provided to or obtained by Plutus Consulting by that date. Even if any of these assumptions change due

to future developments, Plutus Consulting is under no obligation to revise, change or supplement its opinion.

The Fairness Opinion does not infer or imply any opinion with respect to any matter other than as expressly set forth therein or with respect to any matter after the date of filing of the Fairness Opinion.

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

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

In order to ensure the fairness of the Tender Offer Price, and in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, the financial advisor of the Tender Offeror, to conduct a valuation on the Company Shares as a third-party valuation agency independent of the Tender Offeror and the Company.

Nomura Securities is not a related party of the Tender Offeror or the Company and has no material interest in the Tender Offer.

(b) Summary of Calculation

After considering the valuation method to be adopted in conducting the valuation on the Company Shares from among various share valuation methods, Nomura Securities carried out the valuation on the Company Shares by using the average market price method given that the market price of the Company Shares exists, the comparable company method given that there are several listed companies comparable to the Company and it is possible to make analogical inference of the share value of the Company Shares through comparison with comparable companies, and the DCF Analysis in order to reflect the future business activities in the valuation. The Tender Offeror received the share valuation report from Nomura Securities on May 13, 2025 (the “**Tender Offeror Share Valuation Report**”). (Note)

The Tender Offeror has not obtained an opinion with regard to the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities since the Tender Offeror has comprehensively considered the various factors set out in “(ii) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer” in “(2)Basis and Reasons for Opinions on the Tender Offer” above and in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, and believes that the interests of the Company’s minority shareholders have been adequately considered.

The ranges of the values per Company Share, which were valued by each of the above-mentioned analysis methods by Nomura Securities, are as follows:

Average market price method: from JPY 1,845 to JPY 2,169 Comparable company method: from JPY 1,987 to JPY 3,065

DCF Analysis: from JPY 1,851 to JPY 3,021

Under the average market price method, using May 13, 2025 as the valuation reference date, the value per share of the Company Shares was valued to be ranging from JPY 1,845 to JPY 2,169 based on the closing price of the valuation reference date (JPY 2,169), the simple average closing price for the most recent five business days prior to the valuation reference date (JPY 2,086), the simple average closing price for the most recent one month prior to the valuation reference date (JPY 1,990), the simple average closing price for the most recent three months prior to the valuation reference date (JPY 1,926) and the simple average closing price for the most recent six months prior to the valuation reference date (JPY 1,845) of the Company Shares on the Prime Market of the Tokyo Stock Exchange.

Under the comparable company method, the value of the Company Shares was valued by comparing the market prices and financial indicators showing profitability, etc., of listed companies engaged in businesses that are similar to that conducted by the Company. Through this analysis, the value per share of the Company Shares was valued to be ranging from JPY 1,987 to JPY 3,065.

Under the DCF Analysis, the corporate value and the share value of the Company was analyzed and valued by discounting to the current value at a certain discount rate the free cash flow that the Company is expected to generate in the future based on the Company's future earnings forecasts for the fourth quarter ending March 31, 2025 and thereafter, taking into account various factors, including the Company's estimated future earnings and investment plan in the business plan for the six year fiscal period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2030, which were obtained from the Company (free cash flow was not included in the business plan obtained from the Company) and reviewed and provided by the Tender Offeror to Nomura Securities, and the Company's recent performance trends and publicly disclosed information. Through this analysis, the value per share of the Company Shares was valued to be ranging from JPY 1,851 to JPY 3,021. The financial forecasts of the Company that Nomura Securities used for the DCF Analysis do not include any fiscal year in which a significant increase or decrease in profit or a significant increase or decrease in free cash flow is expected. Furthermore, the business plan of the Company on which the DCF Analysis was based does not include any fiscal year in which a significant increase or decrease in profit is expected. In addition, this business plan is not premised on the execution of the Transactions and does not reflect the synergies expected from completion of the Transactions as such synergies are difficult to specifically estimate at present.

On May 13, 2025, based on the results of discussions and negotiations with the Company, the Tender Offeror finally determined that the Tender Offer Price would be JPY 2,520, comprehensively taking into account: (i) the valuation results of the Company Shares in the Tender Offeror Share Valuation Report obtained from Nomura Securities; (ii) the result of the due diligence on the Company that was carried out during the period from early March 2025 to early April 2025; (iii) whether the board of directors of the Company would support the Tender Offer; and (iv) expected levels of tendering in the Tender Offer.

The Tender Offer Price (JPY 2,520) was calculated by adding a premium of (i) 16.18% to JPY 2,169, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, the business day immediately preceding the day on which the implementation of the Tender Offer was announced, (ii) a premium of 26.63% to JPY 1,990, the simple average

closing price for the previous one-month period ending on the same date, (iii) a premium of 30.84% to JPY 1,926, the simple average closing price for the previous three-month period ending on the same date, and (iv) a premium of 36.59% to JPY 1,845, the simple average closing price for the previous six-month period ending on the same date.

The Tender Offeror acquired 2,220,200 shares of the Company Shares (11,101,000 shares on the post-Share Split basis) (ownership ratio at that time: 25.26%) at JPY 10,000 per share (JPY 2,000 on the post-Share Split basis) through the 2022 Tender Offer. There is a difference of JPY 520 between such acquisition price of JPY 2,000 on the post-Share Split basis and the Tender Offer Price of JPY 2,520. This difference is due to the following facts: (i) the acquisition price in the 2022 Tender Offer was calculated by adding a premium of 19.19% to JPY 8,390 (JPY 1,678 on the post-Share Split basis), the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on February 8, 2022, the business day immediately preceding the date on which the 2022 Tender Offer was published, whereas the Tender Offer Price was calculated by adding a premium of 16.18% to JPY 2,169 to the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, the business day immediately preceding the date on which the Tender Offer was published, and (ii) the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, which was JPY 2,169 is 29.69% higher than the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on February 8, 2022, which was JPY 1,678 on the post-Share Split basis.

(Note) In calculating the share value of the Company Shares, Nomura Securities has assumed that the public information and all information provided to Nomura Securities is accurate and complete, and has not independently verified the accuracy or completeness of such information. With respect to the assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, Nomura Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party agency to conduct any such appraisal or assessment. Nomura Securities has assumed that the financial forecasts (including profit plans and other information) of the Company have been reasonably reviewed or created by the management of the Tender Offeror based on the best and most sincere forecasts and judgments available at the present. The valuation by Nomura Securities reflects the information and economic conditions available to Nomura Securities as of May 13, 2025. The sole purpose of the valuation by Nomura Securities is to contribute information for the reference of the board of directors of the Tender Offeror in considering the value of the Company Shares.

(4) Possibility of 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. Also, even if the delisting criteria are not met upon the completion of the Tender Offer, if the Squeeze-Out Procedures described in “(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating

to the So-Called Two-Step Acquisition)” below are carried out after the completion of the Tender Offer, the Company Shares will meet the delisting criteria of the Tokyo Stock Exchange and will be delisted through the prescribed procedures. After the delisting of the Company Shares, it will no longer be possible to trade the Company Shares on the Prime Market of the Tokyo Stock Exchange.

(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)

As described in “(i) Overview of the Tender Offer” in “(2) Basis and Reason for Opinion on the Tender Offer” above, if the Tender Offeror fails to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and the treasury shares held by the Company) through the Tender Offer, the Tender Offeror plans to implement the below Squeeze-Out Procedures after the completion of the Tender Offer, with the aim of making the Tender Offeror the sole shareholder of the Company:

(i) Demand for Share Cash-Out

In the event that the Tender Offeror comes to hold 90% or more of the total number of voting rights of all shareholders of the Company as a result of the completion of the Tender Offer and the Tender Offeror becomes a special controlling shareholder as defined in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to demand that all shareholders (excluding the Tender Offeror and the Company) of the Company (the “**Shareholders Subject to Cash-Out**”) sell all of their Company Shares (the “**Demand for Share Cash-Out**”) promptly after the completion of the settlement of the Tender Offer in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act. With respect to the Demand for Share Cash-Out, the Tender Offeror plans to provide the Shareholders Subject to Cash-Out with a cash amount equal to the Tender Offer Price as consideration for each Company Share. In this case, the Tender Offeror will notify the Company to that effect and request the Company to approve the Demand for Share Cash-Out. If the Company approves the Demand for Share Cash-Out by a resolution of its board of directors, the Tender Offeror will acquire all of the Company Shares held by the Shareholders Subject to Cash-Out on the acquisition date designated in the Demand for Share Cash-Out in accordance with the procedures prescribed by the relevant laws and regulations without the need for the individual approval of Shareholders Subject to Cash-Out. In addition, the Tender Offeror plans to deliver to the Shareholders Subject to Cash-Out cash amounts equal to the Tender Offer Price as consideration per Company Share held by the Shareholders Subject to Cash-Out.

In addition, if the Company receives notice from the Tender Offeror that it intends to make the Demand for Share Cash-Out and the matters set forth in each Item of Article 179-2, Paragraph 1 of the Companies Act, the Company’s board of directors plans to approve the Demand for Share Cash-Out.

As a procedure for the purpose of protecting the rights of minority shareholders in connection with the above procedures, the Companies Act stipulates that, if the Demand for Share Cash-Out is made, the Shareholders Subject to Cash-Out may file a petition with the court to determine the purchase price of the Company Shares in accordance with Article 179-8 of the

Companies Act and other relevant laws and regulations. If such a petition is filed, the purchase price per share of the Company Shares will be ultimately determined by the court.

(ii) Share Consolidation

If the total number of voting rights of the Company held by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Company after the Tender Offer is completed, the Tender Offeror plans to request the Company promptly after the completion of the settlement of the Tender Offer to convene an extraordinary shareholders' meeting (the "**Extraordinary Shareholders' Meeting**") by September 2025 with agenda items including proposals for consolidation of the Company Shares (the "**Share Consolidation**") pursuant to Article 180 of the Companies Act and a partial amendment to the Company's articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. As of today, if the Company receives such a request from the Tender Offeror, the Company plans to comply with the request. In addition, the Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders' Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will hold, as of the date on which the Share Consolidation takes effect, a proportionate number of the Company Shares in accordance with the Share Consolidation ratio approved at the Extraordinary Shareholders' Meeting. If the Share Consolidation results in fractional shares less than one share, the shareholders of the Company who hold fractional shares will receive payment of the cash to be obtained by means such as selling the Company Shares which number the same as the total number of the fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Company or the Tender Offeror, in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Company Shares which number the same as the total number of the fractional shares, the Tender Offeror plans to calculate the sale price so that the amount to be paid, as a result of the sale, to each of the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) will be equal to an amount obtained by multiplying the Tender Offer Price by the number of the Company Shares held by the shareholder, and request the Company to file a petition with the court for permission to conduct a voluntary sale. While the ratio of the Share Consolidation has not been determined as of today, the Tender Offeror plans to request the Company to determine the ratio so that the number of the Company Shares to be held by the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) will be less than one share and that only the Tender Offeror will hold all of the Company Shares (excluding the treasury shares held by the Company) after the Share Consolidation. If the Tender Offer is successfully completed, the Company plans to comply with these requests from the Tender Offeror.

As a provision for the purpose of protecting the rights of minority shareholders in connection with the Share Consolidation, the Companies Act stipulates that, in the event of the Share Consolidation, if it results in any fractional shares less than one share, the shareholders of the

Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) may demand the Company to purchase all of their fractional shares at a fair price and may file a petition with the court to determine the price of the Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If such a petition is filed, the purchase price per share will be ultimately determined by the court.

Depending on the situation in relation to, among other matters, revisions and enforcement of the relevant laws and regulations and their interpretation by the authorities, the above procedures may take time to implement, or there may be changes in the measures to be implemented. However, even in such cases, if the Tender Offer is completed, the Tender Offeror intends to implement measures to eventually pay cash to shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) and to calculate the amount of cash to be paid to each of the shareholders in such cases so that it will be equal to an amount obtained by multiplying the Tender Offer Price by the number of the Company Shares held by the shareholder.

The specific procedures and schedule in each of the above cases will be determined upon consultation between the Tender Offeror and the Company and announced by the Company as soon as they are determined.

Please note that the Tender Offer is not in any way intended to solicit support from the shareholders of the Company for the proposals in the Extraordinary Shareholders' Meeting. In addition, the shareholders of the Company are advised to consult with their certified tax accountants and other experts on their own responsibility regarding the tax treatment in respect of tendering their shares in the Tender Offer and any of the above procedures.

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

Given that the Company is a consolidated subsidiary of the Tender Offeror, the Transactions, including the Tender Offer, are considered material transactions with a controlling shareholder. In light of this, and because such transactions typically involve structural conflicts of interest and issues of information asymmetry between the Tender Offeror and the minority shareholders of the Company, the Tender Offeror and the Company have implemented the following measures to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in the decision-making process related to the Transactions, including the Tender Offer, and avoid conflicts of interest.

As stated in “(i) Overview of the Tender Offer” in “(2) Basis and Reason for Opinion on the Tender Offer,” the Tender Offeror owns 22,018,000 Company Shares as of today (ownership ratio: 50.11%). Therefore, the Tender Offeror has not set a so-called “Majority of Minority” minimum number of shares to be purchased in the Tender Offer, as doing so could make the completion of the Tender Offer uncertain and might not be in the best interests of the minority shareholders of the Company that wish to tender their shares. However, the Tender Offeror and the Company believe that sufficient consideration has been given to the interests of the minority shareholders of the Company, as the measures in (i) through (x) below have been implemented to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest. In the

Special Committee Report, the Special Committee determined that, in light of the fact that other measures to ensure fairness have been sufficiently implemented, the mere absence of a so-called “Majority of Minority” does not, by itself, warrant the conclusion that appropriate measures to ensure fairness have not been taken. the Company shares this view.

In addition, the descriptions below regarding the measures implemented by the Tender Offeror are based on explanations provided by the Tender Offeror.

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

The Tender Offeror has obtained a share valuation report dated May 13, 2025 from Nomura Securities regarding the valuation results of the Company Shares in order to ensure the fairness of the Tender Offer Price when determining the Tender Offer Price. For details, please refer to “(iii) Share Valuation Report Obtained by the Tender Offeror from an Independent Third-Party Appraiser” in “(3) Matters Concerning Valuation” above.

- (ii) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser

As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” below, the Company appointed Mizuho Securities as its financial advisor and third-party appraiser, independent from both the Tender Offeror Group and the Company Group. The Company has received financial advice and support from Mizuho Securities, including valuation of the Company Shares and advice on the negotiation strategy with the Tender Offeror. In addition, on May 13, 2025, the Company obtained the Share Valuation Report (Mizuho Securities). For an overview of the Share Valuation Report (Mizuho Securities), please refer to “(i) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser” in “(3) Matters Concerning Valuation” above.

- (iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee

- (a) Background to Establishment, Etc.

As stated in “(iv) Background to, and Details and Reasons for Decision-Making within the Company” in “(2) Basis and Reason for Opinion on the Tender Offer” above, after receiving a notice from the Tender Offeror on January 9, 2025 that it was commencing consideration of the Transactions, on February 13 and 17, 2025 and prior to establishing the Special Committee, with advice from Gaien Partners, provided an explanation to all of its directors and auditors, including its independent outside directors serving at that time that it had received a proposal from the Tender Offeror to begin discussions on making the Company a wholly-owned subsidiary through the Tender Offer, as well as a Letter of Intent outlining the expected synergies, structure, and schedule of the Transactions. The Company also explained that, in order to establish a framework for examining, negotiating, and making decisions on the Transactions from an independent standpoint and from the perspective of enhancing the corporate value of the Company and protecting the interests of its minority shareholders, it would be necessary to implement sufficient measures to ensure the fairness of the terms of the Transactions, including the establishment of a Special

Committee, since the Transactions are considered to typically involve structural conflicts of interest and issues of information asymmetry. The Company, with advice from Gaien Partners, also confirmed the independence and qualifications of its independent outside directors who were the candidates for membership on the Special Committee. Based on the confirmation that the candidates are independent from both the Tender Offeror Group and the Company Group (it has been confirmed that Mr. Nozomu Morimura, Mr. Taku Matsumoto, and Ms. Fumiko Kosao have no material interests with either the Tender Offeror Group or the Company Group) and that they do not have any material interests that differ from those of the minority shareholders with respect to the outcome of the Transactions, and with advice from Gaien Partners, the Company selected three individuals as candidates for members of the Special Committee. In doing so, the Company aimed to ensure that the Special Committee would have an appropriate size and a balanced combination of knowledge, experience, and expertise. The selected candidates were: Mr. Nozomu Morimura (an independent outside director of the Company), who has extensive experience and insight as representative director and executive vice president at Toto Ltd. and significant knowledge in business management; Mr. Taku Matsumoto (an independent outside director of the Company), who has broad insight and extensive experience as an attorney; and Ms. Fumiko Kosao (an independent outside director of the Company), who has considerable experience as a certified public tax accountant and expertise in governance and related matters. (Mr. Morimura was appointed chairperson of the Special Committee by mutual election of the members, and the composition of the Special Committee has not changed since its establishment.) As stated in “(iv) Background to, Details and Reasons for Decision-Making within the Company” in “(2) Basis and Reason for Opinion on the Tender Offer,” the Company, by a resolution of its Board of Directors at a meeting held on February 21, 2025, established the Special Committee and submitted the Inquiry Matters to the Special Committee for its deliberation. In establishing the Special Committee, the Board of Directors of the Company positioned the Special Committee as a deliberative body independent from the Board of Directors of the Company and resolved that, in making decisions regarding the Transactions, (i) the Board of Directors would give maximum deference to the content of the decisions of the Special Committee and (ii) if the Special Committee determined that the terms of the Transactions were not reasonable, the Board of Directors would not support the Transactions under those terms. In addition, the Board of Directors granted the Special Committee the authority to: (i) request the provision of information necessary to examine and assess the Transactions from the officers and employees of the Company and any other persons the Special Committee deems necessary; (ii) appoint, as necessary and at the Company’s expense, independent advisors, including financial or legal advisors, and to designate or approve (including ex post facto approval) the financial or legal advisors engaged by the Company (the Special Committee may also seek expert advice from the Company’s advisors); (iii) substantially participate in the negotiation process regarding the terms and conditions of the Transactions by confirming the negotiation policy in advance, receiving timely updates on the status of negotiations, providing opinions, and issuing instructions or requests as needed, and, if deemed necessary by the Special Committee, directly engage in discussions and negotiations regarding the terms and conditions of the Transactions; and (iv) exercise any other authority the Special Committee deems necessary for the examination and assessment of the Transactions.

The members of the Special Committee are to be paid a fixed amount of compensation for their

services, regardless of the content of the Special Committee Report, and that compensation does not include any incentive fee contingent upon the successful completion of the Transactions.

(b) Background to Examination

The Special Committee held a total of 12 meetings over approximately 14 hours between February 21, 2025 and May 13, 2025. In addition, between meetings, the Special Committee carried out its duties related to the Inquiry Matters by receiving reports, sharing information, conducting deliberations, and making decisions as necessary by email and through virtual meetings.

Specifically, after considering their independence, expertise, and track record, the Special Committee resolved on March 5, 2025 to appoint TMI Associates as its independent legal advisor and Plutus Consulting as its independent third-party appraiser, both of which are independent from the Tender Offeror Group and the Company Group.

The Special Committee also confirmed that there were no issues with respect to the independence, expertise, or track record of Mizuho Securities, the financial advisor and third-party appraiser for the Company, and Gaien Partners, the Company's legal advisor, and approved their appointments. The Special Committee further confirmed that it had no objection to receiving expert advice from these advisors as necessary.

Furthermore, the Special Committee reviewed and approved the internal framework established by the Company for the examination of the Transactions (including the scope of officers and employees involved in the examination, negotiation, and decision-making related to the Transactions and their respective roles), and confirmed that there were no issues with respect to its independence and fairness.

Based on the legal advice received from TMI Associates and the opinions heard from Gaien Partners, the Special Committee examined the measures that should be taken to ensure procedural fairness in the Transactions.

The Special Committee sent written questions to the Tender Offeror regarding matters such as the background of the proposal for the Transactions, the purpose of the Transactions, the anticipated structure of the Transactions, management policies of the Company after the Transactions, measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer, received written responses to these questions, and also received direct explanations from the Tender Offeror and conducted Q&A sessions during meetings of the Special Committee. For details, please refer to "(b) Background of Examinations and Negotiations" in "(iv) Background to, Details and Reasons for Decision-Making within the Company" in "(2) Basis and Reason for Opinion on the Tender Offer" above.

On March 25, 2025, the Special Committee submitted written questions to the Company's management regarding the background and purpose of the Transactions and the expected synergies. On March 28, 2025, the Special Committee received written responses from the management addressing those questions. In addition, at the Special Committee meeting held on March 31, 2025, the Company's management provided explanations regarding those questions, after which a Q&A session was conducted.

In addition, the contents of the Business Plan, including its key assumptions and the background of its preparation, which served as the basis for negotiations with the Tender Offeror and for the share valuation of the Company Shares conducted by Mizuho Securities and Plutus Consulting, were explained by the Company to the Special Committee, followed by a Q&A session, after which the Special Committee confirmed the reasonableness of the plan and approved it. As stated in “(ii) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser” above and “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” below, Mizuho Securities and Plutus Consulting conducted their valuation of the Company Shares based on the contents of the Business Plan. The Special Committee received explanations from Mizuho Securities and Plutus Consulting regarding the calculation methods they used to value the Company Shares, the reasons for adopting those calculation methods, the details of the valuations under each calculation method, and the key assumptions used. After conducting Q&A sessions and engaging in deliberation and review, the Special Committee confirmed the reasonableness of the calculation methods, the reasons for their selection, the valuation results, and the key assumptions.

As stated in “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” below, the Special Committee received the Fairness Opinion from Plutus Consulting. The Special Committee also received explanations from Plutus Consulting regarding the procedures for issuing the Fairness Opinion and conducted a Q&A session in connection with that issuance.

Since April 8, 2025, when the Company first received a proposal from the Tender Offeror regarding the Tender Offer Price, the Special Committee has received timely reports from Mizuho Securities, the financial advisor of the Company, each time the Company received a new proposal regarding the Tender Offer Price from the Tender Offeror. Those reports included the details of the proposals and the progress of negotiations. Based on those reports and the advice received from Mizuho Securities, the Special Committee deliberated and examined the content of each proposal. The Special Committee also received prior explanations from Mizuho Securities regarding proposed negotiation strategies with the Tender Offeror and draft responses to be sent to the Tender Offeror, provided comments and conducted Q&A sessions as necessary, approved the drafts, and issued instructions and requests to Mizuho Securities, which was responsible for negotiating with the Tender Offeror.

The Special Committee, with advice from its legal advisor TMI Associates, received explanations from Gaien Partners, the legal advisor of the Company, and Mizuho Securities, the financial advisor of the Company, regarding the drafts of this Press Release and related documents, conducted Q&A sessions, and confirmed that robust information disclosure is expected to be provided.

(c) Content of Decision

Against the backdrop of the above developments, the Special Committee, based on the legal advice received from TMI Associates, the financial advice received from Mizuho Securities, the Share Valuation Report (Mizuho Securities) submitted on May 13, 2025, and the Share Valuation Report (Plutus Consulting) and the Fairness Opinion submitted on that date, conducted careful discussions and deliberations on the Inquiry Matters. As a result, on May

13, 2025, the Special Committee submitted the Special Committee Report to the Board of Directors of the Company substantially with the contents set out below and with the unanimous approval of its members.

(A) Contents of the Special Committee Report

- i. It is recognized that the Transactions will contribute to the enhancement of the corporate value of the Company and the purpose of the Transactions is reasonable.
- ii. Appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair.
- iii. The offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable.
- iv. In light of i. through iii. above, the Transactions are not considered detrimental to the interests of the Company's minority shareholders and are fair to the general shareholders of the Company.
- v. In light of i. through iv. above, the Special Committee supports the Board of Directors of the Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Company tender their shares in the Tender Offer.

(B) Reasons for the Findings of the Special Committee Report

- i. Based on the following points, it is recognized that the Transactions are aimed at enhancing the corporate value of the Company, and the Special Committee has determined that the purpose of the Transactions is reasonable.
 - The Special Committee conducted a detailed review of the specific contents of the purpose of the Transactions and assessed its appropriateness and reasonableness in light of the business environment surrounding the Company and other relevant factors, as well as the impact of the Transactions on the Company's employees, business partners, and other stakeholders, and the potential for enhancement of the Company's corporate value based on these considerations. Specifically, the Special Committee conducted a comprehensive evaluation of the current business environment in which the Company operates, including the specific measures to enhance corporate value that are envisioned by the Tender Offeror Group, how concrete and practical those measures are, whether the implementation of the Transactions is necessary to execute those measures, what business advantages the Transactions would bring to the Company, and whether there are any disadvantages and, if so, to what extent. As a result, the Special Committee concluded that there are no particularly unreasonable aspects in the significance and purpose of the Transactions, including the Tender Offer, as contemplated by the Company and the Tender Offeror and as described in "(ii) Background,

Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer” and “(iv) Details and Reasons for Decision-Making within the Company” in “(2) Basis and Reason for Opinion on the Tender Offer” above, and that that significance and purpose are the result of a reasonable examination. Therefore, the Special Committee determined that the Transactions are intended to enhance the corporate value of the Company and that the Company’s judgment regarding the need to implement the various measures it envisions is not particularly unreasonable.

- In addition, based on the content of the Q&A sessions with the Tender Offeror and the Company, the Special Committee concluded that the Tender Offeror intends to respect the managerial independence of the Company. Moreover, the Special Committee determined that, by making the Company a wholly-owned subsidiary through the Transactions, the Tender Offeror is expected to generate synergies and benefits—particularly those described below—that would be difficult to achieve if the Company were to remain a consolidated subsidiary. At the same time, it believes the necessity of maintaining the Company’s listing and the disadvantages of delisting are limited.
 - a. Given the Company’s business environment, where it is difficult to forecast long-term trends in government construction investment, it is necessary to expand orders not only for public works but also for private-sector projects. By becoming a wholly-owned subsidiary of the Tender Offeror, it is expected the Company will achieve improvements such as enhanced cost estimation accuracy, reduced transaction costs through the establishment of a joint procurement network, and increased productivity through joint technology development. These improvements are expected to help the Company secure additional private-sector construction orders.
 - b. In the road paving industry, many individuals seek employment with the aim of maintaining local ties rather than being attracted by the social credibility or name recognition associated with being a listed company. It is therefore believed that the disadvantages of delisting the Company’s shares in terms of securing human resources are limited. On the other hand, the Transactions are expected to strengthen recruitment activities across the Tender Offeror Group by leveraging the Group’s brand, thereby enabling the Company to secure additional talent.
 - c. It is also believed that the reduction of listing maintenance costs will enable more effective utilization of the Company’s management resources.
 - d. Although it is generally possible that the delisting of the Company’s shares could impair existing business relationships, the Company is already recognized by its business partners as a consolidated subsidiary of the Tender Offeror and has, in practice, established strong business relationships even with partners other than the Tender Offeror. Therefore,

the potential for existing business relationships to be impaired by the Company becoming a wholly-owned subsidiary of the Tender Offeror is considered to be limited.

- e. Although the delisting of the Company's shares could generally raise concerns about a potential decline in employee motivation, the Company's name will remain unchanged after the Transactions, and the Tender Offeror has indicated that it will respect the Company's managerial independence, so the Special Committee believes employee motivation can be adequately maintained.
 - f. Generally, delisting the Company's shares could result in the loss of access to equity financing through the capital markets; however, the Company has not relied on equity financing in the past and is not expected to require such financing in the future.
 - g. Given that a significant portion of the Company's social credibility and recognition has been earned and maintained through its business activities, the necessity of maintaining its listed status and the disadvantages associated with going private are considered to be limited.
- ii. In light of the following points, it has been determined that appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair.

(A) Establishment of the Special Committee

- In order to ensure prudence in the Company's decision-making regarding the Transactions, eliminate the risk of arbitrariness or conflicts of interest in the decision-making process of the Company's Board of Directors, and to ensure the fairness of that process, the Company established the Special Committee composed of three members: Mr. Nozomu Morimura (an independent outside director of the Company), Mr. Taku Matsumoto (an independent outside director of the Company), and Ms. Fumiko Kosao (an independent outside director of the Company).
- In making decisions regarding the Transactions, the Company has committed to giving maximum deference to the opinion of the Special Committee, and if the Special Committee determines that the terms of the Transactions are not reasonable, the Board of Directors of the Company will not support the Transactions under those terms. The composition of the Special Committee has not changed since its establishment. In addition, each member of the Special Committee is paid a fixed amount of compensation regardless of the content of the Special Committee Report and that compensation does not include any incentive fee contingent upon the completion of the Transactions.

(B) Method of Examination by the Company

- In examining the Transactions, the Company has conducted careful deliberations and discussions on matters such as the reasonableness of the offer price of the Tender Offer and other purchase conditions of the Tender Offer, as well as the fairness of the procedures involved in the Transactions, from the perspective of enhancing the Company's corporate value and protecting the common interests of its shareholders. In doing so, the Company has received advice and opinions from Mizuho Securities, which acts as its financial advisor and third-party appraiser independent from both the Tender Offeror Group and the Company Group, and from Gaien Partners, which acts as its legal advisor, each of which is independent from both the Tender Offeror Group and the Company Group.
- The Special Committee confirmed that there were no issues with the independence or expertise of Mizuho Securities and Gaien Partners, and approved their appointments as the Company's financial advisor and third-party appraiser and the Company's legal advisor, respectively.
- The Special Committee has received advice and opinions from Plutus Consulting, its independent third-party appraiser, and TMI Associates, its legal advisor.

(C) Deliberations and Negotiations by the Company

- Following the negotiation policy advised in advance by the Special Committee and with expert advice from Mizuho Securities, its financial advisor, and Gaien Partners, its legal advisor, the Company engaged in multiple rounds of substantive discussions and negotiations with the Tender Offeror Group regarding the Tender Offer Price to ensure its fairness from the perspective of protecting the interests of its minority shareholders. Specifically, the Company, through Mizuho Securities, conducted multiple rounds of price negotiations with the Tender Offeror via Nomura Securities, the financial advisor to the Tender Offeror, while respecting the content of the Q&A sessions and exchanges of views with the Special Committee. As a result of those negotiations, the Company was able to obtain a total price increase of JPY 320 over the Tender Offeror's initial proposal of JPY 2,200 per Company Share, ultimately leading to the determination of the Tender Offer Price of JPY 2,520 per Company Share.

(D) Acquisition of Advice from an Independent Legal Advisor by the Special Committee

- As part of the measures to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process of the Board of Directors of the Company and to ensure the fairness of that process in connection with the Transactions, the Special Committee appointed TMI Associates as its legal advisor, which is independent from both the Tender Offeror Group and the

Company Group. The Special Committee has received legal advice from TMI Associates, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Company's decision-making with respect to the Transactions.

- TMI Associates is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

(E) Acquisition of Advice from an Independent Legal Advisor by the Company

- As part of the measures to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process of the Board of Directors of the Company and to ensure the fairness of that process in connection with the Transactions, the Company appointed Gaien Partners as its legal advisor, which is independent from both the Tender Offeror Group and the Company Group. The Company has received legal advice from Gaien Partners, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Company's decision-making with respect to the Transactions.
- Gaien Partners is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

(F) No Deal Protection Clause

- Neither the Company nor the Tender Offeror has entered into any agreement containing deal protection provisions that would prohibit the Company from contacting any acquirer other than the Tender Offeror (a "**Competing Offeror**") or otherwise restrict a Competing Offeror from contacting the Company. By not obstructing opportunities for competing tender offers or other acquisitions, the parties have taken care to ensure the fairness of the Tender Offer.

(G) Ensuring Objective Conditions to Guarantee the Fairness of the Tender Offer

- The Tender Offeror has also set the tender offer period at 30 business days, although the statutory minimum period prescribed by law is 20 business days. By setting the tender offer period longer than the statutory minimum, the Tender Offeror aims to ensure that the shareholders of the Company are provided with an opportunity to make an appropriate decision regarding whether to tender their shares in the Tender Offer, while also allowing opportunities for parties other than the Tender Offeror to make competing offers for the Company Shares, thereby ensuring the fairness of the Tender Offer Price.

(H) Appropriate Information Disclosure

- If the Tender Offer is successfully completed in the Transactions, it is expected that sufficient disclosure regarding the Squeeze-Out Procedures to be carried out thereafter will be provided in the tender offer registration statement to be submitted by the Tender Offeror and in the press release and other public announcements to be issued by the Company.
- If the Squeeze-Out Procedures are carried out after the Tender Offer, it is expected that the press release and other public disclosures will clearly state that, in the case of a demand for the sale of shares, the consideration to be delivered to the shareholders of the Company that did not tender their shares in the Tender Offer will be the same as the Tender Offer Price per Company Share; and in the case of a share consolidation, the sale proceeds for the total number of fractional shares resulting from the consolidation will be calculated so that the amount of cash delivered to each of those shareholder is equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares each of those shareholders held. Those disclosures are recognized as appropriate measures that help reduce the coerciveness of the Tender Offer.

(I) Majority of Minority Condition

- In the Transactions, the Tender Offeror owns 22,018,000 Company Shares as of today (ownership ratio: 50.11%). Therefore, the Tender Offeror has not set a so-called “Majority of Minority” minimum number of shares to be purchased in the Tender Offer, as doing so could make the completion of the Tender Offer uncertain and might not be in the best interests of the general shareholders of the Company that wish to tender their shares. However, given that other measures to ensure the fairness of the Tender Offer Price are considered to have been sufficiently taken, the mere absence of a so-called “Majority of Minority” does not, by itself, warrant the conclusion that appropriate fairness measures have not been implemented.

(J) Procedural Fairness of the Negotiation Process

- The procedures of the negotiation process concerning the Transactions, including the Tender Offer, are deemed to be fair, and the Tender Offer Price is considered to have been determined based on the results of those negotiations. In fact, as a result of the negotiations, the Company was able to obtain a total price increase of JPY 320 over the Tender Offeror’s initial proposal of JPY 2,200 per Company Share.

- iii. In light of the following points, the Special Committee has determined that the offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable.

(A) Share Valuation Report by Mizuho Securities

- According to the Share Valuation Report (Mizuho Securities), the per-share value of the Company Shares was calculated to be between JPY 1,845 and JPY 2,169 based on the market price method, between JPY 2,491 and JPY 3,099 based on the comparable company analysis method, and between JPY 1,996 and JPY 3,135 based on the DCF Analysis. The Tender Offer Price of JPY 2,520 per share exceeds the upper limit of the calculation results based on the market price method and falls within the range of the calculation results based on the comparable company analysis method and the DCF Analysis.
- The Special Committee received explanations from Mizuho Securities and the Company regarding the valuation methods used in the share valuation by Mizuho Securities, including the selection of valuation approaches, the methods, processes, and content of preparing the Company's business plan underlying the DCF Analysis, and the basis for calculating the discount rate. After conducting Q&A sessions and reviewing the explanations, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.

(B) Share Valuation Report and Fairness Opinion by Plutus Consulting

- According to the Share Valuation Report (Plutus Consulting), the per-share value of the Company Shares was calculated to be between JPY 1,845 and JPY 2,169 based on the market price method, between JPY 2,222 and JPY 2,961 based on the comparable company analysis method, and between JPY 2,097 and JPY 2,821 based on the DCF Analysis. The Tender Offer Price of JPY 2,520 per share exceeds the upper limit of the calculation results based on the market price method, falls within the range of the calculation results based on the comparable company analysis method, and exceeds the median of the calculation results based on the DCF Analysis.
- The Special Committee received explanations from Plutus Consulting and the Company regarding the valuation methods used in the share valuation by Plutus Consulting, including the selection of valuation approaches, the methods, processes, and content of preparing the Company's business plan underlying the DCF analysis, and the basis for calculating the discount rate. After conducting Q&A sessions and reviewing the explanations, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.
- According to the Fairness Opinion obtained by the Special Committee from Plutus Consulting, in light of the valuation results of the Company Shares based on the business plan prepared by the Company, the Tender Offer Price of JPY 2,250 per share is fair from a financial point of view for the general shareholders of the Company.

(C) Comparison of Premium Levels with Precedent Transactions, etc.

- The Tender Offer Price represents a premium of 16.18% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025 (JPY 2,169) (rounded to the second decimal place; hereinafter the same with respect to premium percentages), a premium of 26.63% over the simple average closing price for the most recent one-month period (JPY 1,990), a premium of 30.84% over the simple average closing price for the most recent three-month period (JPY 1,926), and a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845). While these premiums are all below the median premium rates (41.40%, 43.00%, 40.00%, and 38.77%, respectively) of 75 similar tender offers (tender offers aimed at making a company a wholly owned subsidiary by a controlling shareholder (excluding MBOs, cases with no minority squeeze-out measures following the tender offer, and two-step tender offers) announced after the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A” on June 28, 2019 (using the business day immediately preceding the public announcement as the reference date for calculating the premium over the closing price and the simple average closing prices for the past one, three, and six months)), it is believed that the following factors should be taken into account when assessing the premium levels: (i) (a) The volatility of the Company’s share price over the most recent one-month period was 12.97%, while the average monthly volatility over the preceding six-month period (October 2024 to March 2025) was 6.80%, indicating a very high level of volatility in the most recent month. (b) Over the four trading days immediately preceding the announcement date, the Company’s market share price rose sharply by 9.82%, and the average daily trading volume during this period was 187,225 shares, compared to the average daily trading volume of 60,129 shares over the past year. Given that the trading volume of the Company Shares in the market increased significantly and the Company made no new timely disclosures during that four-trading day period, it is reasonably inferred that speculative trading exceeding normal volumes took place during that time, resulting in a sudden surge in the market price of the Company Shares. In light of (a) and (b) above, it is not appropriate to place undue weight on short-term market prices—particularly the market price on the business day immediately preceding the announcement date, the one-month average market price, or the three-month average market price which tends to be influenced by such recent levels—and instead it is considered appropriate to place greater weight on the comparison with the simple average closing price over the past six months, which is a longer-term indicator. While the median premium rate over the simple average closing price for the past six months in similar cases is 38.77%, the Tender Offer Price represents a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845), with a deviation of only 2.18%, which is considered small. (ii) (a) Since April 7, 2025, both the Nikkei Stock Average and the share price of the Company Shares have risen sharply (specifically, the Nikkei Stock Average rose by JPY 7,047 (22.63%)

from the closing price of JPY 31,136 on April 7, 2025 to JPY 38,183 on May 13, 2025, the business day immediately before the public announcement; the Company's share price rose by JPY 389 (21.85%) from the closing price of JPY 1,780 on April 7, 2025 to JPY 2,169 on May 13, 2025, the business day immediately before the public announcement). (b) According to newspaper and other media reports, the rise in share price was likely driven by the announcement and subsequent suspension of reciprocal tariffs in the United States. (c) Since April 7, 2025, the Company has not made any new timely disclosures, and the share price fluctuations of the Company Shares are not considered to reflect any specific public announcements made by the Company. In view of the above, the share price of the Company Shares on the business day immediately prior to the announcement and the average prices over the past one month may have been temporarily affected by the reciprocal tariff announcements. Therefore, when also referencing premium rates based on April 4, 2025, the business day immediately preceding the sharp rise in share prices, the premium rates over the closing price on that day and the simple average closing prices for the past one, three, and six months as of that day were 39.23%, 32.49%, 35.48%, and 41.97%, respectively, and the premium over the simple average closing price for the past six months exceeded the median premium rate over the past six months in similar cases. Based on the above, it is believed that the Tender Offer Price includes a premium that is not inferior to those in the comparable cases described above.

- The Tender Offer Price exceeds both the highest closing price of the Company Shares in the past 10 years (JPY 2,153) and the highest intraday price (JPY 2,410).

(D) Reasonableness of Procedures After the Tender Offer

- It is expected that it will be clearly stated in the press release and other disclosures that the minority shareholders that do not tender their shares in the Tender Offer will ultimately receive cash in the Squeeze-Out Procedures scheduled to be implemented after the Tender Offer, and that the amount of that cash will be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each of those shareholders.

- iv. With respect to matters other than those examined in items i. through iii. above, the Special Committee has not identified any particular circumstances suggesting that the Transactions, including the Tender Offer, would be detrimental to the minority shareholders of the Company. Accordingly, the Special Committee has concluded that it would be fair to the minority shareholders of the Company for the Board of Directors of the Company to decide to execute the Transactions, including expressing an opinion in support of the Tender Offer and recommending that the shareholders of the Company tender their shares in the Tender Offer.

- v. In light of i. through iv. above, the Special Committee supports the Board of Directors of the Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Company tender their shares in the Tender Offer.
- (iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser

As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” above, the Special Committee appointed Plutus Consulting as an independent third-party appraiser, independent from both the Tender Offeror Group and the Company Group, and obtained the Share Valuation Report (Plutus Consulting) dated May 13, 2025. The Special Committee also obtained the Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the shareholders of the Company Shares (excluding the Tender Offeror and the Company). For an overview of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, please refer to “(ii) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” in “(3) Matters Concerning Valuation” above.

Plutus Consulting is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to Plutus Consulting does not include any incentive fee contingent upon the completion of the Transactions.

- (v) Advice From an Independent Law Firm Obtained by the Special Committee

As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” above, the Special Committee appointed TMI Associates as its independent legal advisor, independent from both the Tender Offeror Group and the Company Group, and has received legal advice including on the measures to be taken to ensure procedural fairness in the Transactions, as well as on the methods and processes of the deliberations by the Special Committee on the Transactions.

TMI Associates is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to TMI Associates does not include any incentive fee contingent upon the completion of the Transactions.

- (vi) Advice From an Independent Law Firm Obtained by the Company

As stated in “(ii) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer” in “(2) Basis and Reason for Opinion on the Tender Offer” above, the Company appointed Gaizen Partners as its legal advisor, independent from both the Tender Offeror Group and the Company Group, and has received legal advice, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Company’s decision-making with respect to the Transactions.

Gaien Partners is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to Gaien Partners does not include any incentive fee contingent upon the completion of the Transactions.

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

The Company established an internal framework for examining, negotiating, and making decisions regarding the Transactions from a position independent of the Tender Offeror Group other than the Company Group. Specifically, from the time the Company received an initial indication of interest regarding the Transactions from the Tender Offeror on January 9, 2025, the Company established a review team consisting of 17 officers and employees (Mr. Toshihiko Kasai, Mr. Koji Osada, and Mr. Minoru Kaiho, as well as 14 other employees), and since then, that review team, together with the Special Committee, has been involved in the negotiation process with the Tender Offeror regarding the terms of the Transactions and in the preparation of the Business Plan serving as the basis for the valuation of the Company Shares. In addition, in order to eliminate structural conflicts of interest, the Company has excluded from involvement any of its officers or employees who currently serve as officers or employees of any company in the Tender Offeror Group other than the Company Group, including Mr. Yohei Kishi, as well as any of its officers or employees who have served in such roles within the past ten years, including Mr. Masakazu Hyodo.

The internal framework established within the Company for the examination of the Transactions (including the scope of officers and employees involved in the examination, negotiations, and decision-making regarding the Transactions and their respective roles) was developed based on advice from Gaien Partners, and the Special Committee approved the framework after confirming that there were no issues with respect to its independence and fairness.

(viii) Approval of All Disinterested Directors of the Company and Opinion of No Objection of All Corporate Auditors Disinterested in the Company

As stated in “(iv) Details and Reasons for Decision-Making within the Company” in “(2) Basis and Reason for Opinion on the Tender Offer” above, the Board of Directors of the Company, based on the legal advice received from Gaien Partners, the financial advice received from Mizuho Securities, and the contents of the Share Valuation Report (Mizuho Securities), and while giving maximum deference to the conclusions of the Special Committee as set forth in the Special Committee Report, carefully discussed and considered whether the Transactions, including the Tender Offer, would contribute to the enhancement of the corporate value of the Company and whether the terms and conditions of the Transactions, including the Tender Offer Price, were reasonable.

As a result, as stated in “(iii) Content of Decision” in “(iv) Background to, Details and Reasons for Decision-Making within the Company” in “(2) Basis and Reason for Opinion on the Tender Offer” above, the Company has determined that the Transactions will contribute to enhancing its corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of the Board of Directors of the Company held today, out of the eight directors of the Company, all seven of the Company’s directors, excluding Mr. Masakazu

Hyodo, who participated in the deliberations and resolution unanimously resolved to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer.

At the meeting of the Board of Directors of the Company held today, the above resolution was adopted unanimously by all seven directors who participated in the deliberations, excluding Mr. Masakazu Hyodo. In light of the fact that Mr. Masakazu Hyodo served as Executive Officer of the Tender Offeror until March 2023, he did not participate in the deliberations or resolutions of the Board of Directors of the Company concerning the Transactions, including the meeting held today, in order to eliminate the risk of any influence from structural conflicts of interest or information asymmetry in connection with the Transactions. He has also not participated, in his capacity as a director of the Company, in any discussions or negotiations with the Tender Offeror regarding the Transactions.

In addition, at the meeting of the Board of Directors of the Company held today, all four corporate auditors in attendance, excluding Mr. Yohei Kishi, stated their opinion that they had no objection to the above resolution. In light of the fact that Mr. Yohei Kishi concurrently serves as an Audit & Supervisory Board Member (part-time) of Shimizu Real Estate Asset Management Corporation, a member of the Tender Offeror Group, he did not participate in the deliberations or resolutions of the Board of Directors of the Company concerning the Transactions, including the meeting held today, in order to eliminate the risk of any influence from structural conflicts of interest or information asymmetry in connection with the Transactions. He also refrained from expressing any opinion in connection with the resolutions of those Board meetings.

(ix) No Deal Protection Clause

Neither the Company nor the Tender Offeror has entered into any agreement containing deal protection provisions that would prohibit the Company from contacting any Competing Offeror or otherwise restrict a Competing Offeror from contacting the Company. By not obstructing opportunities for competing tender offers or other acquisitions, the parties have taken care to ensure the fairness of the Tender Offer.

(x) Measures to Ensure Opportunities for the Company's Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer

As stated in “(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” above, (a) the Tender Offeror, promptly after the completion of the settlement of the Tender Offer, intends to, depending on the number of shares to be acquired through the Tender Offeror through completion of the Tender Offer, make a request for the Demand for Share Cash-Out, or request the Company to convene an Extraordinary Shareholders' Meeting at which proposals will be submitted to implement the Share Consolidation, and to partially amend the Articles of Incorporation to abolish the provision on the number of shares constituting one unit, conditional upon the effectiveness of the Share Consolidation. The Tender Offeror will not adopt any method that would deprive the shareholders of the right to demand the purchase of shares or the right to petition the court for a determination of the share price. In addition, (b) the Tender Offeror has clearly stated that in the event of the Demand for Share Cash-Out or the Share Consolidation, the amount of cash to be

delivered to each shareholder of the Company (excluding the Tender Offeror and the Company) as consideration will be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by that shareholder. In this way, the Tender Offeror has taken care to ensure that the shareholders of the Company are provided with an opportunity to appropriately decide whether to tender their shares in the Tender Offer and that the Tender Offer will not be coercive.

The Tender Offeror has also set the tender offer period at 30 business days, although the statutory minimum period prescribed by law is 20 business days. The Tender Offeror has stated that, by setting the tender offer period longer than the statutory minimum, it aims to ensure that the shareholders of the Company are provided with an opportunity to make an appropriate decision regarding whether to tender their shares in the Tender Offer, while also allowing opportunities for parties other than the Tender Offeror to make competing offers for the Company Shares, thereby ensuring the fairness of the Tender Offer Price.

4. Matters Concerning Material Agreements Related to the Tender Offer Between the Offeror and The Company's Shareholders

Not applicable

5. Details of Provision of Benefits from the Tender Offeror or a Special Related Party of the Tender Offeror

Not applicable

6. Response Policy with respect to Basic Policy Related to Corporate Control of The Company

Not applicable

7. Questions to the Tender Offeror

Not applicable

8. Request for Postponement of the Tender Offer Period

Not applicable

9. Future Outlook

Please refer to “(ii) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer,” “(iii) Management Policy After the Tender Offer,” and “(iv) Background to, Details and Reasons for Decision-Making within the Company” in “(2) Basis and Reason for Opinion on the Tender Offer,” “(4) Possibility of Delisting and Reasons Therefor,” and “(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” above.

10. Matters Concerning Transactions with Controlling Shareholders

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

The Tender Offeror is a controlling shareholder (parent company) of the Company, and the expression of opinion regarding the Tender Offer constitutes a transaction with a controlling shareholder. In the Corporate Governance Report disclosed on June 21, 2024, the Company set forth the following under “4. Guidelines on Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholders” and “1. Basic Approach”:

“When engaging in competitive transactions or conflict-of-interest transactions with related parties such as directors, parent companies, subsidiaries, or other affiliated companies, the Company requires deliberation and resolution by the Board of Directors to ensure that those transactions do not harm the interests of the Company or the common interests of its shareholders.”

“The Company has established a Special Committee as an advisory body to the Board of Directors, and for transactions directly with the parent company that the Special Committee determines require deliberation and review from the perspective of protecting the interests of minority shareholders, the Special Committee will conduct those deliberations and examinations and provide advice and recommendations to the Board of Directors.”

With respect to the Transactions, including the Tender Offer, the Company has implemented measures to address structural conflicts of interest and information asymmetry and to ensure the fairness of the terms of the Transactions, including the Tender Offer Price, as described in (6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” above. The Company believes that these measures are in line with the above-mentioned guidelines.

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

As stated in “(1) Transaction that Constitutes a Transaction with a Controlling Shareholder and Compliance with the Guidelines on the Policies for Protection of Minority Shareholders” above, since the Transactions, including the Tender Offer, constitute a transaction with a controlling shareholder for the Company, the Company determined that it was necessary to implement measures to ensure fairness and to avoid conflicts of interest. Accordingly, the Company has made its determinations regarding the Transactions after ensuring fairness and avoiding conflicts of interest by implementing the measures described in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” above.

(3) Summary of the Opinion Obtained from a Person who Does not Have any Interest in the Controlling Shareholders of the Company that the Transaction is Not Detrimental to the Interests of the Minority Shareholders of the Company

On May 13, 2025, the Company received the Special Committee Report from the Special Committee, stating that the Special Committee does not believe that a resolution by the Board of

Directors of the Company to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer would be detrimental to the interests of the minority shareholders of the Company. For more details, see “(c) Content of Decision” in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in (6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” above. The Special Committee Report also states the Special Committee’s opinion that making the Company a wholly-owned subsidiary by the Tender Offeror, as described in “(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” above, after the successful completion of the Tender Offer, would not be detrimental to the interests of the minority shareholders of the Company.

11. Other Matters

The Company published the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)” today. For further details, please refer to the contents of that published document.

-End-

(Reference) Outline of the Tender Offer

For an overview of the Tender Offer, please refer to the “Notice Concerning Commencement of Tender Offer for the Shares of The Nippon Road Co., Ltd. (Securities Code: 1884)” released today by the Tender Offeror.

May 14, 2025

To whom it may concern:

Company Name: Shimizu Corporation
Representative: Tatsuya Shimmura
President and Director
(Securities code: 1803; Tokyo Stock Exchange
Prime Market and Nagoya Stock Exchange
Premier Market)
Contact: Hideo Takeuchi
Manager of Group Companies Strategy Office
TEL: +81-3-3561-1111 (main number)

**Notice Concerning Commencement of Tender Offer for
Shares of The Nippon Road Co., Ltd. (Securities Code: 1884)**

Shimizu Corporation (the “**Tender Offeror**”) hereby announces that it has resolved at its board of directors meeting held today to conduct a tender offer (the “**Tender Offer**”) for the common shares of The Nippon Road Co., Ltd. (Securities code: 1884, the Prime Market of Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”); the “**Target Company**”) (the “**Target Company Shares**”) under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**Act**”), as follows:

1. Purposes of Tender Offer, Etc.

(1) Overview of the Tender Offer

As of today, the Tender Offeror owns 22,018,000 Target Company Shares listed on the Prime Market of the Tokyo Stock Exchange (ownership ratio (Note): 50.11%), and holds the Target Company as its consolidated subsidiary.

(Note) The “**ownership ratio**” means the ratio of the relevant Target Company Shares (rounded to the nearest hundredth; the same applies hereinafter to calculations of the ownership ratio, unless otherwise provided) to the number of shares (43,942,514 shares) remaining after subtracting the number of treasury shares owned by the Target Company as of March 31, 2025 (3,826 shares) from the total number of the outstanding shares of the Target Company as of the same date (43,946,340 shares), both as stated in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)” published by the Target Company today (the “**Target Company’s Financial Results**”).

The Tender Offeror decided today to conduct the Tender Offer at a purchase price per Target Company Share at JPY 2,520 (the “**Tender Offer Price**”) in order to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company), as part of a series of transactions aimed at making the Target Company a wholly-owned subsidiary of the Tender Offeror, with the Tender Offeror being the sole shareholder of the Target Company (the “**Transactions**”).

The Tender Offeror has set 7,277,000 shares (ownership ratio: 16.56%) as the minimum number of shares to be purchased in the Tender Offer. If the total number of share certificates, etc. tendered in the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates,

Etc. Conversely, since the Tender Offeror intends to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, there is no maximum number of shares to be purchased in the Tender Offer, and if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

In order to ensure that the total number of voting rights of the Target Company that the Tender Offeror will hold if the Tender Offer is successfully completed equals two-thirds ($\frac{2}{3}$) or more of the total voting rights of the Target Company, the minimum number of shares to be purchased (7,277,000 shares) is the product of (i) the number of voting rights (72,770 voting rights), which is obtained by subtracting (x) the number of voting rights (220,180 voting rights) represented by the Target Company Shares (22,018,000 shares) held by the Tender Offeror as of today from (y) the number of voting rights (292,950 voting rights, rounded up to the nearest whole number), which is obtained by multiplying the number of the Target Company's voting rights as calculated below (439,425 voting rights) by two-thirds ($\frac{2}{3}$), and (ii) the share unit of the Target Company (100). The number of the Target Company's voting rights as stated above (439,425 voting rights) is the number of voting rights represented by the number of shares (43,942,514 shares) obtained by subtracting the number of treasury shares held by the Target Company as of March 31, 2025 (3,826 shares) from the total number of the outstanding shares of the Target Company as of the same date (43,946,340 shares), both as stated in the Target Company's Financial Results. The reason for setting the minimum number of shares to be purchased as such is that the Tender Offeror's intention in the Tender Offer is to make the Tender Offeror the sole shareholder of the Target Company, and in the event that the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, and consequently the Tender Offeror implements the procedures for a share consolidation of the Target Company Shares as stated in "(4) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)" below, a special resolution of a shareholders' meeting is required, as provided for in Paragraph 2 of Article 309 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter). In order to ensure that the special resolution is passed, the Tender Offeror needs to hold the said minimum number of shares to be purchased. As stated above, the Tender Offeror holds 22,018,000 Target Company Shares (ownership ratio: 50.11%) as of today, and therefore, the Tender Offeror believes that setting a minimum number of shares to be purchased by the so-called "**Majority of Minority**" in the Tender Offer would make the likelihood of a successful completion of the Tender Offer uncertain and may not contribute to the interests of the minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, no minimum number of shares to be purchased by the so-called "Majority of Minority" has been set for the Tender Offer. However, since the Tender Offeror and the Target Company have taken measures to ensure the fairness of the Tender Offer, as stated in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, the Tender Offeror believes that the interests of the Target Company's minority shareholders have been adequately taken into consideration.

In the event that the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror plans to take a series of procedures necessary to make the Tender Offeror the sole shareholder of the Target Company (the "**Squeeze-Out Procedures**") after the completion of the Tender Offer. For an overview of the Squeeze-

Out Procedures, please see “(4) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” below.

In addition, according to the Target Company’s press release titled “Announcement of Opinion in Support of the Tender Offer by Shimizu Corporation, the Parent of the Company, for the Shares of the Company, and Recommendation to Tender” published today (the “**Target Company’s Press Release**”), the Target Company resolved at its board of directors meeting held today to express an opinion in support of the Tender Offer and to recommend its shareholders to tender the Target Company Shares in the Tender Offer.

For details of the Target Company’s decision-making, please see the Target Company’s Press Release and “(viii) Approval of All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Corporate Auditors of the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below.

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

a. Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer

(i) Background of the Tender Offer

The Tender Offeror was founded in 1804, when Kisuke Shimizu I, who was a carpenter from Etchu (now Toyama Prefecture) launched a carpentry business in the Kanda Kajicho district of Edo (now Tokyo). The business was converted into and established as a company, “Goshi Kaisha Shimizu Gumi”, in October 1915. Subsequently, Shimizu Gumi, Ltd. was established in August 1937, merged with Goshi Kaisha Shimizu Gumi in November 1937, and was renamed “Shimizu Kensetsu Kabushiki Kaisha” (Shimizu Corporation), its current trade name, in February 1948. The Tender Offeror’s shares were listed on the over-the-counter (OTC) market in Tokyo in April 1961; on the Second Section of the Tokyo Stock Exchange in October 1961; on the First Section of the Tokyo Stock Exchange in February 1962; and on the First Sections of Nagoya Stock Exchange, Inc. (the “**Nagoya Stock Exchange**”) and Osaka Securities Exchange Co., Ltd. (currently integrated into the Tokyo Stock Exchange) respectively in October 1962. Subsequently, the Tender Offeror moved to the Prime Market of the Tokyo Stock Exchange and the Premier Market of the Nagoya Stock Exchange on April 4, 2022, following the market restructuring of the Tokyo Stock Exchange and the Nagoya Stock Exchange.

As of today, the Tender Offeror comprises a corporate group consisting of the Tender Offeror, 136 subsidiaries (including the Target Company), and 22 affiliates (such corporate group, the “**Tender Offeror Group**”). Eiichi Shibusawa, a businessperson who was devoted to establishing and fostering numerous companies and laid the foundations for the industrial economy of modern Japan from the end of the Edo period to the beginning of the Showa period, was invited to be an advisor to the Tender Offeror in 1887. The Tender Offeror holds Shibusawa’s work “The Analects and the Abacus,” which expresses his worldview of economics united with ethics, to be the foundation of its management, as its credo. The Tender Offeror engages in construction business, which includes domestic and overseas construction business and civil engineering business, and non-construction businesses, which includes real estate development business, engineering business, green energy development business (Note 1), building life cycle business (Note 2), and frontier business (Note 3).

(Note 1) “Green energy development business” means the development and operation of renewable energy power generation facilities, including solar and biomass power, as well as the CO2-free green electric

power retail business.

- (Note 2) “Building life cycle business” means business that aims to achieve the extension of building lifespans and the enhancement of real estate value through the provision of consistent solutions by the entire Tender Offeror Group and the building-related expertise accumulated over many years.
- (Note 3) “Frontier business” means businesses in which the Tender Offeror is engaged in the three following fields with the aim of continuing growth investments and establishing business models: space development business, ocean development business, and nature coexistence business.

In its long-term vision, “SHIMZ VISION 2030,” formulated in 2019 and published on May 10, 2019, the Tender Offeror Group adopted as its goal, being a “Smart Innovation Company” by 2030, by creating new value and contributing to a safe, healthy and sustainable future for everyone through continual transformation and taking on challenges beyond the construction business, while co-creating with a diverse range of partners (the smart innovation). The Tender Offeror Group aims to achieve consolidated ordinary income of JPY 200 billion or more in FY2030. In particular, the Tender Offeror Group aims to create new value through the integration of three innovations: “Business Structure Innovation,” which involves diversifying business models, accelerating global expansion, and improving group management capabilities; “Technology Innovation,” which involves developing advanced technology to respond to changes in the future society, industry and infrastructure and accelerating construction process technology development to increase the Tender Offeror Group’s competitive edge; and “Talent Innovation,” which involves promoting working style reforms that will enable diverse talent to thrive, and building knowledge/expertise through co-creation with others. Furthermore, the Tender Offeror Group aims to contribute to SDGs (Note 4) by providing the following three values: realizing a resilient (i.e. strong, flexible, and capable of recovery) society where everyone can feel safe and secure; realizing an inclusive (i.e. everyone can participate as a member) society where everyone lives healthy and comfortable lives together; and realizing a sustainable (i.e. capable of sustainable development while preserving the global environment) society that is mindful of the global environment.

- (Note 4) “SDGs” stands for Sustainable Development Goals, which refer to the common goals in the international community to realize a sustainable society.

In order to realize “SHIMZ VISION 2030,” the Tender Offeror Group published the Mid-Term Business Plan <2024-2026> (the “**Mid-Term Business Plan (Tender Offeror)**”) on May 13, 2024, in which the Tender Offeror positioned the period from FY2024 to FY2026 (the “**Mid-Term Business Plan Period (Tender Offeror)**”) as a “Period of Strengthening the Business Foundation for Sustained Growth,” and has determined that each and every officer and employee will share the new mindset of “Choukensetsu (Note 5)” and put the Mid-Term Business Plan (Tender Offeror) into practice. Under the following four basic policies, the Tender Offeror Group aims to enhance its corporate value by accelerating the growth of its human resources and organizational capabilities, which are the most critical elements of its business foundation, and by enhancing cross-functional collaboration group-wide to promote sustainability management, thereby contributing to the realization of a sustainable future society.

- (Note 5) “Choukensetsu” refers to the concept of providing new value to our customers and society through construction and every kind of other businesses of the Tender Offeror Group while proactively exploring the essential needs and issues of the customers of the Tender Offeror Group and society, based on the values the Tender Offeror Group has cherished up to now and beyond the framework of our existing businesses and organizations, and growing together with the customers of the Tender Offeror Group as a result.

(a) A Stronger Business Foundation

In improving its strategy execution, the Tender Offeror develops “talent” and strengthens “organizational capabilities,” the two critical elements of its business foundation, as well as promoting Sustainability Management and fortifying cross-functional capabilities.

(b) Business Strategies

The Tender Offeror has established business policies, which also provide strategic directions for their fulfilment, for each line of business: (i) business aiming to improve profitability: construction business (building construction and civil engineering), (ii) business aiming to increase revenue and business stability: real estate development business and engineering business, (iii) business aiming to expand business scale: green energy development business and building life cycle business, and (iv) business aiming to establish business models: frontier business. By expanding each line of business according to these business policies, the Tender Offeror aims to build up its business portfolio.

(c) Global Strategies

The Tender Offeror promotes sustainable and stable business development rooted in the countries in which the Tender Offeror operates by placing priority on the independence of its local base operations. To achieve this, the Tender Offeror implements an evolution of its global platform centered on human resources, organization, governance, and M&A and steadily implements strategies tailored to each business, with the aim of growing further to be a truly global player.

(d) Capital Policy and Investing for Growth

The Tender offeror will implement a capital policy focused on achieving management financial goals, managing the cost of capital, and optimizing stock performance and make steady investments in talent and business development for sustained growth, thus enhancing corporate value and achieving sustained growth.

The Tender Offeror positions the Mid-Term Business Plan Period (Tender Offeror) as a “Period of Strengthening the Business Foundation for Sustained Growth” as stated above, and aims to achieve total sales of JPY 1.89 trillion, and ordinary income of JPY 95 billion in FY2026, the final year of the plan. Furthermore, the Tender Offeror Group has set its financial KPIs (Note 6) as follows: return on equity (ROE): 8% or higher; equity ratio: 35% or higher; debt-equity ratio (D/E ratio): 1.0 times or less; and dividend payout ratio: approximately 40%. Although the business environment surrounding the Tender Offeror has changed since the formulation of the Mid-Term Business Plan (Tender Offeror), the Tender Offeror is working on necessary measures such as investments for growth in order to realize its long-term vision and achieve the goals of the Mid-Term Business Plan (Tender Offeror). As for the results for the fiscal year ended March 2025, which is the first year of the Mid-Term Business Plan (Tender Offeror), the Tender Offeror achieved total sales: JPY 1.9443 trillion; ordinary income: JPY 71.6 billion; return on equity (ROE): 7.6%; equity ratio: 34.1%; debt-equity ratio (D/E ratio): 0.69%; and dividend payout ratio: 40.1%. (For details, please see “Consolidated Financial Report Japanese GAAP For the year ended March 31, 2025” published by the Tender Offeror today.)

(Note 6) “KPIs” stands for Key Performance Indicators and refers to indicators for evaluating a company’s performance. “Financial KPIs” means KPIs that refer to financial accounting data.

On the other hand, the Target Company was founded in March 1929 as Nippon Bitumuls Pavement Industry Co., Ltd., renamed The Nippon Road Pavement Co., Ltd. in February 1932, and subsequently renamed

Nippon Road Co., Ltd. in June 1947. The Target Company was listed on the Second Section of the Tokyo Stock Exchange in October 1961, and designated to the First Section in August 1971. In October of that year, the Target Company was also listed on the First Section of the Osaka Securities Exchange (now part of the Tokyo Stock Exchange). Following that, after the market restructuring of the Tokyo Stock Exchange, the Target Company transitioned to the Prime Market of the Tokyo Stock Exchange on April 4, 2022. Since its establishment, the Target Company has steadily expanded its network. As of today, it operates 10 branches, 103 sales offices and sub-branches, and 85 facilities including asphalt mixture centers, blending plants, emulsion plants, and recycling plants, across Japan.

As of today, the Target Company comprises a corporate group (the “**Target Company Group**”) consisting of the Target Company, 47 subsidiaries, and 7 affiliated companies. As a company committed to contributing to the creation of a sustainable society through “road development” and “urban development,” the Target Company operates in the following three business segments: construction business (which includes pavement and civil engineering, building construction, and other construction-related businesses); manufacturing and sales business (which includes the manufacturing, sales, and recycling of asphalt mixtures, emulsions, and other paving materials); and co-creation business (a renamed segment that replaces the former “leasing business” and “others” segments under the “Mid-Term Management Plan 2024 (FY2024–FY2026)” formulated by the Target Company on May 13, 2024 (the “**Mid-Term Management Plan (Target Company)**,” and the period from FY2024 through FY2026, the “**Mid-Term Management Plan Period (Target Company)**”)).

In the Mid-Term Management Plan (Target Company), the Target Company has identified the business environment leading up to its 100th anniversary in 2029 and beyond as follows: (i) Domestic construction investment is expected to remain robust in both the public and private sectors. (ii) Labor shortages are expected to intensify due to the declining workforce in the construction industry and the need to respond to workstyle reforms, resulting in rising labor costs. (iii) The procurement of asphalt and fuel is highly susceptible to fluctuations in exchange rates and geopolitical instability, posing risks to the profitability of asphalt mixture production, which forms the core of the Target Company’s manufacturing and sales business. (iv) As lifestyles continue to evolve, there is growing demand for more fulfilling and enriched living physically and mentally, alongside an increased emphasis on respect for diversity. In the Mid-Term Management Plan (Target Company), the Target Company has outlined the following growth strategies in response to these environmental changes: (1) To secure talent, the Target Company will continue ongoing recruitment activities and strive to become a rewarding workplace through enhanced training and development programs. (2) The Target Company will actively invest in environmental measures, which are gaining increasing global attention, and will position the sale of environmental products as a key pillar of its growth strategy. (3) In the manufacturing and sales business, the Target Company will promote new growth strategies, including strengthening its recycling business. (4) The Target Company views overseas construction investment as a potential opportunity for business expansion. (5) Among PPP (Note 7) initiatives, PFI (Note 8) projects that utilize private capital, management capabilities, and technical expertise are expected to increase significantly. According to the Cabinet Office “PPP/PFI Promotion Action Plan (2023 Revised Edition),” a total project scale of approximately JPY 30 trillion is targeted over the 10-year period from FY2022 through FY2031 across 13 sectors, including airports, water supply, sewerage, roads, sports facilities, cultural facilities, and parks. The Target Company will pursue business expansion primarily in roads, airports, sports facilities, and parks. (6) In response to greater health consciousness and growing demand for enriched lifestyles driven by an aging population, the Target Company will aim to expand its sports- and health-related businesses. In the Mid-Term Management Plan (Target Company), the Target Company set out specific initiatives to enhance its corporate value by identifying key issues and corresponding measures. These include: (i) ensuring thorough compliance (adherence to laws and regulations); (ii) improving the

quality and profitability of the services provided; (iii) shifting from workstyle reform to work motivation reform (Note 9); and (iv) promoting DEI (Note 10). As part of its commitment to growth areas and reducing its environmental impact – including halving carbon emissions by 2030 and achieving carbon neutrality by 2050 – the Target Company plans to make capital investments totaling JPY 13.5 billion over the plan period, and M&A investments totaling JPY 5 billion to expand the scale and scope of its business. Looking ahead to 2029, when it will celebrate its 100th anniversary, and beyond, the Target Company also aims for further development by actively pursuing new co-creation businesses, such as those related to sports and health, striving to become a company that continuously supports society through technology and protects people's well-being and lives.

- (Note 7) “PPP” stands for Public-Private Partnership, a method by which the private sector participates in the provision of public services. Specifically, unlike traditional contract-based outsourcing, PPP involves collaboration between the government and private entities in areas such as the construction, maintenance, and operation of public facilities. It aims to improve the quality of public services and reduce costs by leveraging private-sector funding, technology, and expertise.
- (Note 8) “PFI” stands for Private Finance Initiative, a type of PPP that involves the use of private-sector funding, management capabilities, and technical expertise for the construction, maintenance, and operation of public facilities. A PFI project refers to a project implemented using the PFI approach.
- (Note 9) “Work motivation reform” refers to the concept of establishing new ways of working through initiatives such as streamlining operations via digital transformation (DX) and providing education on diversity and equity based on DEI policies. It also involves reviewing personnel systems and considering the use of AI, with the aim of becoming a company where employees feel motivated and find meaning in their work.
- (Note 10) “DEI” stands for Diversity, Equity, and Inclusion. It refers to the concept of fostering an environment in which individuals from diverse backgrounds are treated equitably and can safely participate and thrive within organizations and society.

The Target Company has set the following targets for FY2026 (the fiscal year ending March 2027), the final year of the Mid-Term Management Plan Period (Target Company): total sales of JPY 169.0 billion, operating income of JPY 10.0 billion, and profit attributable to owners of the parent company of JPY 6.6 billion.

Regarding progress, in the most recent fiscal year ended March 2025, all major profit indicators exceeded initial forecasts for the first time in four years, primarily due to improved profitability resulting from enhanced project management in the construction business. Operating income reached JPY 9.8 billion, surpassing the initial forecast of JPY 8.5 billion; ordinary income was JPY 10.1 billion, exceeding the initial forecast of JPY 8.6 billion; and net profit attributable to owners of the parent company came to JPY 6.3 billion, compared to the initial forecast of JPY 5.2 billion. While concerns remain in the manufacturing and sales business regarding persistently high asphalt prices, delays in passing on those costs, and a downward trend in production volume, as the Target Company announced today, the Target Company forecasts the following full-year results for the fiscal year ending March 2026: net sales of JPY 167.0 billion, operating income of JPY 9.4 billion, ordinary income of JPY 9.5 billion, and net profit attributable to owners of the parent company of JPY 6.1 billion. The full-year results for FY2025 indicate that the Target Company is on track to achieve the targets in the plan. While, in FY2026 which is the final year of the Target Company's Mid-Term Management Plan (Target Company), gross profit in the manufacturing and sales business might fall short of expectations due to persistently high asphalt prices, delays in passing on those costs, and a decline in production volume, gross profit in the construction business is expected to exceed projections. As a result,

the Target Company anticipates that the combined gross profit of both businesses will meet the targets set forth in the Mid-Term Management Plan (Target Company).

Regarding the capital relationship between the Tender Offeror and the Target Company, the Tender Offeror acquired 51,000 Target Company Shares (ownership ratio at that time (Note 11): 25.50%) through subscription in the Target Company's capital increase in March 1954, and subsequently the Tender Offeror acquired a total of 8,272,320 Target Company Shares from July 1956 to April 1972 by subscribing in the Target Company's capital increases and capital increases through allotment of the Target Company Shares without contribution 19 times and came to own 8,323,320 Target Company Shares (ownership ratio at that time: 20.81%) in April 1972. The Tender Offeror sold 1,000,000 Target Company Shares from April to September 1972, and as a result, the Target Company Shares held by the Tender Offeror had decreased to 7,323,320 shares (ownership ratio at that time: 18.31%) by September 1972. Subsequently, from September 1972 to January 1989, the Tender Offeror continued acquiring the Target Company Shares by subscribing in the Target Company's capital increases and capital increases through allotment of the Target Company Shares without contribution 24 times to acquire a total of 11,410,480 Target Company Shares and came to own 18,733,800 Target Company Shares (ownership ratio at that time: 20.78%) in January 1989. Furthermore, the Tender Offeror converted convertible bonds with share options that it held on February 3, 1989 and August 20, 1990 to acquire 885,739 Target Company Shares and 2,214,839 Target Company Shares, respectively, and as a result, it owned 21,834,378 Target Company Shares (ownership ratio at that time: 22.40%) on August 20, 1990. The Tender Offeror sold 378 shares less than one unit (the number of shares in a share unit of the Target Company at that time was 1,000 shares) in November 2006. On October 1, 2017, the Target Company implemented a share consolidation to consolidate 10 shares into 1 share of the Target Company Shares, and as a result, the Tender Offeror came to own 2,183,400 shares (ownership ratio at that time: 24.84%).

(Note 11) **“Ownership ratio at that time”** means the ratio of the relevant Target Company Shares (rounded to the nearest hundredth) to the total number of the outstanding shares of the Target Company as of the last day of each fiscal year that includes the date of the relevant acquisition or holding, after subtracting the number of treasury shares owned by the Target Company as of the same day, both as stated in the Target Company's Annual Securities Report for that fiscal year. The Target Company did not own any treasury shares prior to FY2003. The same applies hereinafter to references to the ownership ratio at that time.

Thereafter, at the time of the 2022 Tender Offer (To be defined below. The same applies hereinafter.), according to the “Construction Economic Report March 2021” published by the Research Institute of Construction and Economy, future trends were increasingly uncertain in the business environment in respect of the domestic road paving industry in which the Target Company operated. While private investment in construction (construction and civil engineering) was expected to continue on a gradual recovery track due to improved corporate earnings following the COVID-19 pandemic, public investment was expected to continue to decline in the medium- to long-term as the financial situation of the national and local governments was expected to become even more severe due to declining tax revenue caused by a shrinking population and increasing social security costs caused by an aging society, making it unlikely that domestic construction demand would expand. Moreover, in the manufacturing and sales business centered on asphalt mixtures and emulsions, rising prices of raw materials such as crude oil were likely to result in higher manufacturing costs and consequently put pressure on business profits. In addition, across the construction industry as a whole, there was a growing necessity for increased productivity and labor-saving measures through digitalization and the introduction of robots in order to maintain production in response to the ever-increasing shortage of engineers and skilled workers due to the decline in the working-age population, and the equivalent environmental changes were also occurring in the domestic road paving industry. Given such circumstances, conventional values were expected to change to pursue improved productivity and

efficiency, and the Tender Offeror believed that it was urgent for the Target Company to respond to these changes. Furthermore, at the time of the 2022 Tender Offer, corporate responsibility to various stakeholders such as thorough compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947), promotion of ESG management (Note 12), and contribution to the achievement of SDGs had been growing, and the Tender Offeror recognized that it was emerging as a material issue to be addressed by the industry as a whole.

(Note 12) The Tender Offeror holds “The Analects and the Abacus” as its corporate credo and, based on this philosophy, established as its the management principle: “With devotion and a spirit of innovation, we work to create value that exceeds expectations and contribute to a sustainable tomorrow.” The Tender Offeror engages in business activities with a strong awareness of the sustainability of not only the Tender Offeror but also society and the environment.

Accordingly, the Tender Offeror believed that, by strengthening its capital relationship with the Target Company, which has a wide range of businesses including construction business, manufacturing and sales business, and leasing business, the Tender Offeror Group and the Target Company could expect synergies on a larger scale such as expanding the receipt of orders by strengthening collaborative initiatives in projects, strengthening of business competitiveness by utilizing mutual customer networks, technologies, base networks, etc., further strengthening of compliance systems, strengthening of coordination in personnel recruitment, and rationalization of research and development systems, by further sharing of management expertise, resources and technological capabilities and exchange of human resources, thereby creating new business opportunities for both the Tender Offeror Group and the Target Company. The Tender Offeror came to believe that realizing these goals would enable the Tender Offeror Group and the Target Company to expand their business foundation in the medium- to long- term and realize further growth, greatly enhancing the corporate value of the Tender Offeror Group and the Target Company as a member of the Tender Offeror Group. Thus, on February 9, 2022, the Tender Offeror resolved to conduct a tender offer for the Target Company Shares with the aim of making the Target Company its consolidated subsidiary (the “**2022 Tender Offer**” (Note 13)). As a result of the 2022 Tender Offer, the Tender Offeror came to own 4,403,600 shares of the Target Company Shares (ownership ratio at that time: 50.10%) as of March 29, 2022, and the Target Company became a consolidated subsidiary of the Tender Offeror. Subsequently, on October 1, 2023, the Target Company conducted a 5-for-1 share split of its shares (the “**Share Split**”), and as a result, the Tender Offeror came to own 22,018,000 shares of the Target Company Shares (ownership ratio: 50.11%) as of today.

(Note 13) The 2022 Tender Offer was conducted with the maximum and minimum numbers of shares to be purchased at 2,220,200 shares, the purchase price per share of the Target Company Shares at JPY 10,000, and the tender offer period from February 10, 2022 to March 22, 2022.

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

Since the time of the transaction making the Target Company a consolidated subsidiary of the Tender Offeror through the 2022 Tender Offer, the Tender Offeror and the Target Company have shared management expertise and management resources within the group and worked in unison to enhance the group’s corporate value in order to build a system that leverages each other’s customer networks, technologies, and base networks to capture the demand for large-scale replacement of expressways built during Japan’s high-growth period and to increase orders for civil engineering projects both in Japan and overseas. As a result, the Tender Offeror Group achieved consolidated net sales of JPY 2.0055 trillion in FY2023, the final year of its Mid-Term Business Plan <2019-2023> for the period from FY2019 to FY2023, exceeding the target of JPY 1.88

trillion. As such, the Tender Offeror believes that making the Target Company its consolidated subsidiary achieved certain results through establishing joint work structures such as holding task-specific subcommittee meetings between the Tender Offeror and the Target Company and through promoting initiatives for each area by setting common goals. These results include increased orders through joint ventures (JV) formed between the Tender Offeror and the Target Company, improved business competitiveness through the utilization of each other's customer networks, technologies, base networks, etc., and the Target Company's structural reforms, as well as continued increase in consolidated net sales and ordinary income, etc. after the Tender Offeror made the Target Company its consolidated subsidiary.

However, various challenges have emerged due to rapid environmental changes and other factors including the impact of the COVID-19 pandemic, the emergence of geopolitical risks, a global shift towards inflationary trends as well as sharp increases in interest rates overseas, the rapid advancement of labor shortages due to tighter labor regulations, delays in the delivery of materials caused by supply chain disruptions, and rising prices of building materials and equipment installation as well as labor costs. Therefore, the Tender Offeror believes that, compared to the time when it made the Target Company its consolidated subsidiary through the 2022 Tender Offer, there is an increased need to further improve the corporate value of the Tender Offeror Group as a whole with an even greater sense of urgency going forward. Under such circumstances, with the current business and management environment becoming increasingly severe, the Tender Offeror and the Target Company expect that changes in the external environment will continue to accelerate in the future and recognize that, in order for the Tender Offeror Group to achieve sustainable growth as a whole, it is essential for the Tender Offeror Group to further improve the ability to respond to such changes by mutually utilizing the management resources of the Tender Offeror Group, including the Target Company, in a more timely and flexible manner.

In addition, under the current situation where the Tender Offeror and the Target Company each operate independently as listed companies, if the Tender Offeror provides management resources to the Target Company, the provider and the beneficiary of the management resources are not always the same, and under such circumstances, if the Tender Offeror were to further provide the Target Company with the Tender Offeror's management resources that would contribute to improving the corporate value of the Target Company, there would be a possibility that issues could arise regarding some of the profits flowing out of the Tender Offeror Group. Thus, the Tender Offeror has had to be cautious about implementing agile and effective measures to improve the corporate value of the Tender Offeror Group, including the Target Company.

At the time of making the Target Company a consolidated subsidiary through the 2022 Tender Offeror, the Tender Offeror was aware of the possibility that, under the circumstances in which the Target Company and the Tender Offeror each operated independently as listed companies, the Tender Offeror and the Target Company could not fully expand their businesses or achieve their objectives through collaboration. At the same time, the Tender Offeror believed at that time that it was important to respect the Target Company's corporate culture and management autonomy in order to enhance the Target Company's corporate value and that it was appropriate to maintain the listing of the Target Company Shares. As such, the Tender Offeror decided to keep the Target Company as a consolidated subsidiary instead of making it a wholly-owned subsidiary of the Tender Offeror. However, the Tender Offeror once again recognized, in its efforts to expand orders for joint infrastructure construction projects, that the purpose of business expansion through collaboration had not been sufficiently achieved due to the fact that the Target Company and the Tender Offeror each operated independently as listed companies. Thus, the Tender Offeror came to the realization that, in order to further accelerate business expansion through collaboration, and ultimately, to maximize the corporate value of both the Tender Offeror Group and the Target Company, it was necessary to create an

integrated management structure by making the Target Company the Tender Offeror's wholly-owned subsidiary. As a result of this realization, in early January 2025, the Tender Offeror's re-examined the optimal capital relationship and alliance relationship with the Target Company with the aim of maximizing the corporate value of both the Tender Offeror Group and the Target Company, and on January 9, 2025, the Tender Offeror notified the Target Company that it had commenced considering the implementation of the Transactions. In response, the Tender Offeror received a reply from the Target Company on January 28, 2025, to the effect that the Target Company would also commence considering the implementation of the Transactions. In mid to late January 2025, the Tender Offeror determined that agile and flexible decision-making and effective utilization of the management resources of the Tender Offeror Group, including the Target Company, was vital for maintaining a competitive advantage and ensuring the sustainable growth of the Target Company and thus decided that the best course of action was to eliminate structural conflicts of interest between the Tender Offeror and the Target Company by making the Target Company a wholly-owned subsidiary, thereby establishing a management structure that would allow for mutual utilization of the management resources of the Tender Offeror Group, including the Target Company, in a manner more timely and flexible than ever before.

At the time when the Tender Offeror made the Target Company its consolidated subsidiary through the 2022 Tender Offer, the Tender Offeror believed that there were advantages to maintaining the Target Company's public listing, such as securing a pipeline for the Target Company to directly raise capital from the capital market, gaining social credibility from external parties including its business partners, and maintaining its name recognition. However, as of today, the Tender Offeror believes that the disadvantages associated with the Target Company's delisting will have a minimal impact for the following reasons: (i) the Target Company's need for financing can be met through financing from the Tender Offeror Group or loans from financial institutions; (ii) a trusting relationship between the Target Company and its business partners has already been firmly established to a certain degree, so delisting would not significantly deteriorate the existing business relationships; and (iii) the social credibility and name recognition that the Target Company has built up through its business operations would not be immediately lost due to its delisting. Furthermore, with the recent revisions of the Corporate Governance Code and the strengthening of regulations on capital markets, the costs required to maintain a public listing of shares, such as the costs of continuous disclosure of securities reports, etc. under the Financial Instruments and Exchange Act and audit costs have been increasing, and the Tender Offeror believes that maintaining the public listing of the shares of the Target Company would itself become a burden on the management of the Target Company, and that the benefits of maintaining the Target Company's public listing do not outweigh the costs associated with it.

The Tender Offeror believes that by making the Target Company a wholly-owned subsidiary through the Transactions, it can expect the following initiatives and synergies:

(a) Expansion of Orders for Infrastructure Renewal Projects through Strengthening Collaborative Initiatives

The Tender Offeror has been striving to expand orders for infrastructure renewal projects by forming joint ventures (JV) with the Target Company since the Target Company became a consolidated subsidiary. The Tender Offeror, however, recognizes that the business expansion sought through collaboration in this field has not been fully and promptly achieved in the current situation where both the Target Company and the Tender Offeror operate independently as listed companies and thus, despite the efforts to collaborate and share information between the two companies, there are certain limitations that do not necessarily allow the strengths of both companies to be effectively leveraged, including the fact that, when the Tender Offeror provides business information on projects and clients as well as expertise and technology in areas such as digital transformation (DX), the environment and

production processes to the Target Company, there is a risk that some of the benefits from providing such information to the Target Company could flow out of the Tender Offeror Group, causing the Tender Offeror to exercise caution in taking agile and effective measures.

By making the Target Company a wholly-owned subsidiary, the Tender Offeror believes that it can create an environment in which the Tender Offeror can take the lead in activities to expand orders, allowing the project information of each company to be shared more promptly and closely between them, thereby improving the accuracy of estimates in collaborative activities such as quantity surveying and cost estimation. The Tender Offeror further believes that, by collaborating more effectively in procuring materials and developing technologies, etc., the two companies can reduce construction costs and strengthen price competitiveness.

Through these activities, the Tender Offeror believes that it can improve the track record and construction capabilities of the two companies by accumulating projects and acquiring expertise in the field of infrastructure renewal work in an integrated manner, thereby promoting further expansion of orders through the joint ventures (JV).

(b) Collaboration in Strengthening Business Foundation and in Research and Development under the Shared Medium- to Long-Term Growth Strategies

The Tender Offeror believes that the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions will enable even closer business alignment and information disclosure with respect to the shared medium- to long-term business strategies of the two companies, and will also create a structure in which the Tender Offeror Group can fully benefit from the mutual utilization of the information on sales activities, clients and procurement as well as expertise and technology in areas such as digital transformation (DX), the environment and production processes between the Tender Offeror and the Target Company, and the Tender Offeror will be able to invest its management resources (business information on projects and clients as well as expertise and technology in areas such as digital transformation (DX), and the environment and production processes) in the Target Company more proactively.

The Tender Offeror believes that this will enable both companies to take a medium- to long-term perspective on their business strategies and, based on these strategies, strengthen their business foundation aimed at growth while promoting collaboration in research and development. In terms of specific initiatives, the Tender Offeror envisions the following:

(A) Collaboration in sales activities for private-sector clients

The Tender Offeror believes that, while certain results have already been achieved in strengthening the Target Company's acquisition of private-sector projects through sales activities toward private-sector clients under the collaboration of the two companies, by making the Target Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror will be able to share its expertise in more depth than before (including information on clients for sales activities and contacts of interpersonal network including key individuals, information on technical training in the specialized field of civil engineering, and the profit and loss status of individual construction projects, etc.). In addition, since the Target Company has been a consolidated subsidiary of the Tender Offeror but operated independently as a listed company, there has been a possibility that the Target Company might not be regarded as equivalent to a business division of the Tender Offeror from the Tender Offeror's important clients who have been placing special orders with the Tender Offeror for many years. However, through the Target Company becoming a wholly-owned subsidiary of the Tender Offeror, the integration of the management of the Tender Offeror Group and the Target Company is expected to result in the Target Company being regarded as equivalent to a business division of the Tender Offeror, which is considered to have

higher social recognition as a comprehensive construction company, thereby improving the Target Company's credibility towards the above important clients of the Tender Offeror. Moreover, there is ample room for the Target Company to strengthen its technological capabilities by promoting enhanced support from the Tender Offeror in terms of research and development and human resource development aimed at improving the Target Company's technological capabilities. The Tender Offeror believes that promoting such collaboration between the two companies would enable the Target Company to expand its private-sector client base and further strengthen the sales of its technologies and products.

(B) Collaboration in Overseas Business Expansion

The Tender Offeror believes that the expansion of overseas business is an important issue in the Tender Offeror Group's growth strategy, and that by utilizing the business and procurement networks that the Tender Offeror has established across Southeast Asia as well as in India and Africa, the Target Company can share medium- to long-term business strategies with the Tender Offeror to expand the Target Company's business foundation.

Specifically, while the Target Company has been expanding its overseas business activities primarily focusing on Japanese companies in Thailand and Malaysia, in order to acquire non-Japanese clients and to explore opportunities in new countries, it is essential to earn the trust of new clients and gain a foothold by establishing a supply chain that emphasizes quality assurance and steadily building up a solid track record, rather than pursuing short-term profitability of projects. However, as a listed company, the Target Company has had to be cautious about taking on projects that are difficult to make profitable. The Tender Offeror also recognized that, from the perspective of respecting the autonomy of the Target Company as a listed company, the Tender Offeror was limited in how deeply it could be involved in the Target Company's procurement of individual construction projects, making efficient collaboration difficult. By making the Target Company a wholly-owned subsidiary of the Tender Offeror through the Transactions, the Tender Offeror will be able to provide more proactive advice and support based on the Tender Offeror Group's business strategy. By having the Target Company Shares delisted, the Target Company will no longer need to take into account the interests of its minority shareholders, thus becoming able to secure more orders and build a track record of construction projects that it might have previously avoided undertaking due to short-term profitability concerns and thereby expand its overseas business operations. Additionally, the Tender Offeror believes that, when the Target Company seeks to receive orders for projects in new countries or regions across Southeast Asia or in India or Africa, it can utilize the Tender Offeror's sales and procurement network in these regions.

(C) Collaboration under the Mid-Term Growth Strategies including M&A

The Tender Offeror believes that M&A will be a useful means for the Target Company to rapidly expand its client base and strengthen its technological and production systems in order to achieve growth.

The Tender Offeror believes that making the Target Company its wholly-owned subsidiary will enable both companies to share growth strategies from a medium-term perspective and that, in addition to strengthening the construction business that the Target Company has been engaging in, particularly regarding regional paving companies, the Target Company will also be able to collaborate on, and consider as a pillar of growth in fields outside of road paving, M&A for expanding into new businesses such as the manufacturing and sale of asphalt materials and co-creation projects. In addition, the Tender Offeror believes that, by utilizing the Tender Offeror's financing capabilities as well as M&A resources and expertise, the Target Company will be able to acquire companies with business foundations that will lead to its growth, thereby achieving

efficient and rapid growth.

(D) Strengthening the Collaborative Framework in Research and Development

The Tender Offeror believes that by making the Target Company its wholly-owned subsidiary, it will be able to provide the Target Company with management resources (business information on projects and clients as well as expertise and technology in areas such as digital transformation (DX), the environment and production processes) of the Tender Offeror and facilitate research and development by the Target Company through deeper sharing of research and development topics, and it will also be able to facilitate efficient research and development by promoting active exchanges of human resources between the R&D departments of both companies and by combining the technical capabilities of both companies. The Tender Offeror believes that this will enable both companies to more proactively and efficiently implement technological development in the areas of decarbonization and the environment as well as development and introduction of new construction-related technologies utilizing the latest information and communications technologies.

(c) Strengthening Corporate Governance and Integrated Management

Under the circumstances where the Target Company Shares are listed and minority shareholders exist, the capital structure is such that conflicts of interest may arise between the Tender Offeror, as the parent company, and the minority shareholders of the Target Company. In some cases, the Tender Offeror may be prevented from promptly implementing measures that would be meaningful for the enhancement of the corporate value of the Tender Offeror and the Target Company because the risk of harm to the interests of the Target Company's minority shareholders cannot be denied.

In contrast, the Tender Offeror believes that making the Target Company its wholly-owned subsidiary will eliminate the parent-subsidary listing issue and enable the Target Company to make prompt decisions and improve its corporate governance under a stable shareholder structure. In addition, the Tender Offeror believes that the Target Company and the Tender Offeror will be able to optimize management resources, strengthen the recruitment of human resources, and realize flexible human resource allocation through the sharing of human resources. Furthermore, by unifying the overlapping functions of the Tender Offeror and the Target Company, they will be able to optimize personnel allocation and reduce common costs within the group, thereby improving cost competitiveness.

(d) Reduction of Listing Maintenance Costs and Streamlining of Fundraising

In maintaining a public listing of the Target Company Shares, various costs (listing fees, cost of preparing disclosure documents, outsourcing fees for stock transfer agents, audit fees, etc.) and workloads such as responding to minority shareholders associated with maintaining the public listing have become a burden on management. In addition, the Tender Offeror recognizes that the costs required for continuous disclosure and audit have been increasing due to factors such as the recent revisions to the Corporate Governance Code and the strengthening of regulations on capital markets.

In contrast, the Tender Offeror believes that the costs and workloads involved in maintaining the public listing can be reduced if the Target Company becomes its wholly-owned subsidiary.

Additionally, the Tender Offeror believes that the Target Company becoming its wholly-owned subsidiary will enable the Target Company to raise funds for capital expenditures and working capital more quickly and at lower cost by utilizing group financing by the Tender Offeror instead of external financing by the Target Company itself.

The Tender Offeror has examined the potential dyssynergies between the Tender Offeror Group and the Target Company Group resulting from the Transactions, but it does not expect any.

Based on the above consideration, from late January to early February 2025, the Tender Offeror appointed

Nomura Securities Co., Ltd. (“**Nomura Securities**”) as a financial advisor and third-party valuation agency independent of the Tender Offeror and the Target Company, and Nagashima Ohno & Tsunematsu as a legal advisor. On February 7, 2025, in order to request the Target Company to engage in discussions on making the Target Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer, the Tender Offeror submitted to the Target Company a written initial proposal (the “**Letter of Intent**”) regarding the synergies, scheme and schedule related to the Transactions. The terms and conditions of the Tender Offer such as the Tender Offer Price were not included in the proposal in the Letter of Intent.

In mid-February 2025, the Tender Offeror and the Target Company commenced concrete discussions and consideration regarding the scheme, schedule and other matters with respect to the Transactions. Subsequently, the Tender Offeror conducted due diligence on the Target Company Group from early March to early April 2025 to examine the feasibility of the Tender Offer and the synergies expected by the Tender Offeror. In addition, on March 13, 2025, the Tender Offeror received written questions, in response to the Letter of Intent, from the Special Committee (To be defined in “(i) Background to the Establishment of the Examination Framework” in “b. Background to, Details and Reasons for Decision-Making within the Target Company” below. The same applies hereinafter.) regarding the background of the Tender Offeror’s proposal of the Transactions, the purpose of the Transactions (including the synergies expected to be generated through the Transactions), the intended structure of the Transactions, the Target Company’s management policy following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer. On March 19, 2025, the Tender Offeror answered those questions through an interview regarding the background of the proposal of the Transactions, the purpose of the Transactions (including the synergies described in “(a) Expansion of Orders for Infrastructure Renewal Projects through Strengthening Collaborative Initiatives” to “(d) Reduction of Listing Maintenance Costs and Streamlining of Fundraising” above), the intended structure of the Transactions, the Target Company’s management policy following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer.

In addition, the Tender Offeror comprehensively considered, among other matters, the information obtained through the due diligence conducted by the Tender Offeror on the Target Company Group, the initial analysis of the value of the Target Company Shares conducted by Nomura Securities, the financial advisor, based on such information, and the initial analysis of the value of the Target Company Shares conducted by the Tender Offeror based on such information and, on April 8, 2025, submitted a proposal regarding the Transactions (the “**First Proposal**”), which included the Tender Offer Price at JPY 2,200 (a premium of 23.60% (rounded to the second decimal place; the same applies hereinafter to the calculation of the rates of premiums (%)) on JPY 1,780, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on April 10, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the First Proposal to be a level that gave sufficient consideration to the interests of the Target Company’s minority shareholders.

In response, on April 17, 2025, the Tender Offeror made a revised proposal (the “**Second Proposal**”), setting the Tender Offer Price at JPY 2,320 (a premium of 18.97% on JPY 1,950, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on April 21, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the Second Proposal to be a level that gave sufficient consideration to the interests of the Target Company’s minority shareholders.

In response, on April 24, 2025, the Tender Offeror made a revised proposal (the “**Third Proposal**”), setting the Tender Offer Price at JPY 2,420 (a premium of 21.98% on JPY 1,984, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on April 29, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the Third Proposal to be a level that gave sufficient consideration to the interests of the Target Company’s minority shareholders.

In response, on May 7, 2025, the Tender Offeror made a revised proposal (the “**Fourth Proposal**”), setting the Tender Offer Price at JPY 2,490 (a premium of 28.02% on JPY 1,945, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). In response, on May 9, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price on the grounds that it did not consider the Tender Offer Price in the Fourth Proposal to be a level that gave sufficient consideration to the interests of the Target Company’s minority shareholders.

In response, on May 12, 2025, the Tender Offeror made a revised proposal, setting the Tender Offer Price at JPY 2,520 (a premium of 22.57% on JPY 2,056, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the immediately preceding business day). As a result, the Tender Offeror received a response from the Special Committee on May 13, 2025 to the effect that it would accept the Tender Offer Price of JPY 2,520 and reached agreement on this price.

As described above, in addition to the above agreement on the Tender Offer Price, the Tender Offeror and the Target Company also agreed today that making the Target Company a wholly-owned subsidiary of the Tender Offeror and aligning the interests of the Target Company and the Tender Offeror at a higher level than before, thereby establishing a system that would enable timely and flexible mutual utilization of management resources, would contribute to the enhancement of the corporate value of both companies. Therefore, the Tender Offeror resolved at its board of directors meeting held today to conduct the Tender Offer.

b. Background to, Details and Reasons for Decision-Making within the Target Company

(i) Background to the Establishment of the Examination Framework

According to the Target Company’s Press Release, the Target Company received a notice from the Tender Offeror on January 9, 2025 stating that the Tender Offeror had commenced consideration of the Transactions. In response to this, on January 28, 2025, the Target Company answered that it would begin considering the implementation of the Transactions, in preparation for consideration of the Transactions and discussions and negotiations with the Tender Offeror on the Transactions, given that the Tender Offeror, holding 50.11% of the Target Company Shares, is the Target Company’s controlling shareholder (parent company), the Transactions, including the Tender Offer, constitute material transactions, etc. with a controlling shareholder and such a transaction typically involves the issues of structural conflicts of interest and asymmetric information, in early February 2025, the Target Company appointed Mizuho Securities Co., Ltd. (“**Mizuho Securities**”) as a financial advisor and third-party valuation agency independent from both the Tender Offeror Group and the Target Company Group, and Gaien Partners as its legal advisor in order to address those issues and ensure the fairness of the Transactions. Following that, on February 7, 2025, the Target Company received the Letter of Intent regarding the Transactions from the Tender Offeror. In response to that proposal, the Target Company, based on advice from Gaien Partners, immediately began establishing a framework to examine, negotiate, and make decisions on the Transactions from an independent standpoint. That framework was designed to ensure

the fairness of the Transactions and to consider the enhancement of the Target Company's corporate value and the protection of the interests of the Target Company's minority shareholders. Specifically, as described in "(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, the Target Company began preparing for the establishment of the Special Committee. Following receipt of the Letter of Intent from the Tender Offeror on February 7, 2025, the Target Company resolved at a meeting of its board of directors held on February 21, 2025 to establish a special committee (the "**Special Committee**") consisting of three members: Mr. Nozomu Morimura (an independent outside director of the Target Company), Mr. Taku Matsumoto (an independent outside director of the Target Company), and Ms. Fumiko Kosao (an independent outside director of the Target Company). Mr. Nozomu Morimura was appointed as the chairperson of the Special Committee by mutual election of its members, and the composition of the Special Committee has not changed since its establishment. For details on the deliberation process and conclusions of the Special Committee, please see "(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below. The board of directors tasked the Special Committee with examining and providing its opinion on the following matters (collectively, the "**Inquiry Matters**"): (1) whether the purpose of the Transactions is reasonable (including whether the Transactions contribute to enhancing the corporate value of the Target Company); (2) whether the fairness of the procedures, including the negotiation process and the decision-making process regarding the Transactions, is ensured; (3) whether the terms of the Transactions (including the Tender Offer Price) are reasonable; (4) whether the Transactions (including the decision by the board of directors of the Target Company with respect to the Transactions) is not detrimental to the interests of the Target Company's minority shareholders; and (5) whether the board of directors of the Target Company should express its opinion in support of the Tender Offer and resolve to recommend that the shareholders of the Target Company tender their shares in the Tender Offer. In establishing the Special Committee, the board of directors of the Target Company resolved that (i) its decision-making would give maximum deference to the conclusions of the Special Committee and (ii) if the Special Committee determined that the terms of the Transactions were not reasonable, the board would not support the Transactions under those terms. In addition, the board of directors of the Target Company granted the Special Committee the authority to (i) request the provision of information necessary to examine and assess the Transactions from the officers and employees of the Target Company and any other persons the Special Committee deems necessary; (ii) appoint, at its discretion (and at the Target Company's expense), independent advisors, including financial or legal advisors, as needed, and to designate or approve (including ex post facto approval) the financial or legal advisors engaged by the Target Company (the Special Committee may also seek expert advice from the Target Company's advisors); (iii) substantially participate in the negotiation process concerning the terms and conditions of the Transactions by confirming the negotiation policy in advance, receiving timely updates on the progress, providing opinions, and issuing instructions or requests as necessary, and, if considered necessary by the Special Committee, directly engage in negotiations or discussions regarding the terms and conditions of the Transactions; and (iv) exercise any other authority the Special Committee considers necessary for the examination and assessment of the Transactions (for details of the method of that resolution of the board of directors, please see "(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below).

In addition, as stated in “(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below, the Special Committee decided on March 5, 2025, pursuant to the authority granted to it, to appoint Plutus Consulting Co., Ltd. (“**Plutus Consulting**”) as its own independent third-party valuation agency and TMI Associates as its own independent legal advisor, each of which is independent from both the Tender Offeror Group and the Target Company Group.

As stated in “(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below, the Target Company obtained the Special Committee’s approval for the appointment of Mizuho Securities as the Target Company’s financial advisor and third-party valuation agency and Gaien Partners as its legal advisor, after the Special Committee confirmed that there were no issues with their independence from either the Tender Offeror Group or the Target Company Group, or with their expertise or track records.

Furthermore, as stated in “(vii) Establishment of an Independent Examination Framework at the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below, the Target Company established an internal framework to examine, negotiate, and make decisions regarding the Transactions from an independent standpoint (including the scope of the Target Company’s officers and employees involved in the examination, negotiation, and decisions regarding the Transactions and their respective roles). The Target Company also obtained the approval of the Special Committee confirming that there were no issues with the independence or fairness of that framework.

(ii) Background of Examinations and Negotiations

Building on the above, the Target Company received advice from Mizuho Securities regarding the negotiation policy with the Tender Offeror and other financial matters as well as a report on the results of its valuation of the Target Company Shares. The Target Company also received advice from Gaien Partners regarding measures to ensure procedural fairness in the Transactions and other legal matters. Taking that advice into account and giving maximum deference to the opinion of the Special Committee, the Target Company carefully discussed and considered whether to proceed with the Transactions and whether the terms of the Transactions were reasonable.

In addition, since receiving the Letter of Intent regarding the Transactions from the Tender Offeror on February 7, 2025, the Target Company has engaged in specific discussions and negotiations with the Tender Offeror towards the implementation of the Transactions.

Specifically, on March 13, 2025, the Special Committee submitted written questions to the Tender Offeror regarding the background of the Tender Offeror’s proposal for the Transactions, the purpose of the Transactions (including the synergies expected to be generated through the Transactions), the intended structure of the Transactions, the Target Company’s management policy following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer. In response, on March 19, 2025, the Tender Offeror provided written answers to those questions, and at a meeting of the Special Committee held on the same day, the Tender Offeror gave explanations regarding its responses, followed by a Q&A session.

With respect to the Tender Offer Price, the Target Company engaged in multiple rounds of discussions and negotiations with the Tender Offeror beginning in early April 2025. Specifically, on April 8, the Target Company received a proposal from the Tender Offeror regarding the Transactions, which included a Tender Offer Price of JPY 2,200. That proposal was based on a comprehensive assessment of (i) the information obtained through the due diligence conducted by the Tender Offeror on the Target Company Group and (ii) the preliminary valuation analysis of the Target Company Shares conducted by Nomura Securities, the Tender Offeror's financial advisor, based on that information (the proposed price represented a premium of 23.60% over the closing price of the Target Company Shares of JPY 1,780 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a premium of 16.28% over the simple average closing price for the preceding one-month period (JPY 1,892) (rounded to the nearest whole yen; the same applies hereinafter to the calculation of simple average closing prices); a premium of 18.22% over the simple average closing price for the previous three-month period (JPY 1,861); and a premium of 23.94% over the simple average closing price for the previous six-month period (JPY 1,775)). However, on April 10, 2025, the Special Committee requested a review of the Tender Offer Price on the grounds that the proposed price did not sufficiently take into account the interests of the Target Company's minority shareholders. In response, on April 17, 2025, the Tender Offeror submitted a revised proposal that included a Tender Offer Price of JPY 2,320 per share (representing an 18.97% premium over the closing price of the Target Company Shares of JPY 1,950 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a 22.23% premium over the simple average closing price for the previous one-month period (JPY 1,898); a 23.54% premium over the simple average closing price for the previous three-month period (JPY 1,878); and a 29.68% premium over the simple average closing price for the previous six-month period (JPY 1,789)). However, on April 21, 2025, the Special Committee once again requested a review of the Tender Offer Price on the grounds that the proposed price could not be considered to sufficiently reflect the interests of the minority shareholders of the Target Company. In response, on April 24, 2025, the Tender Offeror submitted a revised proposal setting the Tender Offer Price at JPY 2,420 (representing a 21.98% premium over the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the previous business day (JPY 1,984); a 26.57% premium over the simple average closing price for the previous one-month period (JPY 1,912); a 27.84% premium over the simple average closing price for the previous three-month period (JPY 1,893); and a 34.07% premium over the simple average closing price for the previous six-month period (JPY 1,805)). However, on April 29, 2025, the Special Committee again requested a reconsideration of the Tender Offer Price, stating that the proposed price could not be regarded as a level that sufficiently considered the interests of the minority shareholders of the Target Company. In response, on May 7, 2025, the Tender Offeror submitted a revised proposal setting the Tender Offer Price at JPY 2,490 (representing a 28.02% premium over the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the previous business day (JPY 1,945), a 29.76% premium over the simple average closing price for the previous one-month period (JPY 1,919), a 30.64% premium over the simple average closing price for the previous three-month period (JPY 1,906), and a 36.36% premium over the simple average closing price for the previous six-month period (JPY 1,826)). However, on May 9, 2025, the Special Committee once again requested a reconsideration of the Tender Offer Price, stating that the proposed price could not be regarded as a level that sufficiently considered the interests of the Target Company's minority shareholders. In response, on May 12, 2025, the Tender Offeror submitted a final proposal setting the Tender Offer Price at JPY 2,520 (representing a 22.57% premium over the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the previous business day (JPY 2,056), a 28.37% premium over the simple average closing price for the previous one-month period (JPY 1,963), a 31.52% premium over the simple average closing price for the previous three-month period (JPY 1,916), and a 37.18% premium over the simple average closing price for the previous six month period (JPY 1,837)). In response, on May 13, 2025, the Special Committee responded by indicating its agreement to set the Tender Offer Price at JPY 2,520 and reached an agreement based on a comprehensive assessment of the matters described in Item iii in "(B) Reasons for the Findings of the Special Committee Report" in "(c) Content of Decision" in "(iii) Establishment of an Independent Special Committee by the Target Company

and Obtaining a Report from the Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below.

Throughout the above discussions and negotiations, the Target Company conducted its review of the Tender Offer Price during consultations and negotiations with the Tender Offeror based on the opinions received from the Special Committee and advice from Mizuho Securities and Gaien Partners. At the same time, the Special Committee received advice from its legal advisor, TMI Associates, as needed, engaged in exchanges of views with the Target Company and its advisors, and provided appropriate confirmations and approvals as necessary. Specifically, the contents of the Business Plan (To be defined below. The same applies hereinafter.) – along with its key assumptions and the background of its preparation – which was presented by the Target Company to the Tender Offeror and used as the basis for the share valuation conducted by Mizuho Securities and Plutus Consulting, was reviewed in advance by the Special Committee and approved after the Special Committee confirmed its reasonableness. Moreover, Mizuho Securities, the Target Company’s financial advisor, conducted negotiations with the Tender Offeror in accordance with the negotiation policy that had been deliberated and determined in advance by the Special Committee. Each time the Tender Offeror submitted a proposal regarding the Tender Offer Price, Mizuho Securities immediately reported the details to the Special Committee and, in turn, received the Special Committee’s opinions, instructions, and requests concerning the negotiation policy and other relevant matters. Mizuho Securities then acted in accordance with those instructions, etc.

On May 13, 2025, the Target Company received a report (the “**Special Committee Report**”) from the Special Committee stating the following: (i) it is recognized that the Transactions will contribute to enhancing the Target Company’s corporate value and the purpose of the Transactions is reasonable; (ii) appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair; (iii) the offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable; (iv) the Transactions are not considered detrimental to the interests of the Target Company’s minority shareholders and are fair to the general shareholders of the Target Company; and (v) the Special Committee supports the board of directors of the Target Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Target Company tender their shares in the Tender Offer. (For a summary of the Special Committee Report, please see “(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below.) Additionally, on May 13, 2025, the Special Committee received from Plutus Consulting a share valuation report regarding the Target Company Shares (the “**Share Valuation Report (Plutus Consulting)**”) and a fairness opinion stating that the Tender Offer Price of JPY 2,520 per share is fair to the general shareholders of the Target Company from a financial point of view (the “**Fairness Opinion**”). (For a summary of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, please see “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Agency” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below.)

(iii) Content of Decision

In light of the above developments, the Target Company carefully discussed and considered at the board of

directors meeting held today (i) whether the Transactions, including the Tender Offer, would contribute to enhancing the Target Company's corporate value and (ii) whether the terms of the Transactions, including the Tender Offer Price, are reasonable. In doing so, the Target Company gave maximum deference to the determinations set forth in the Special Committee Report and took into account financial advice received from Mizuho Securities, its financial advisor, legal advice received from Gaien Partners, its legal advisor, and the contents of the share valuation report regarding the Target Company Shares submitted by Mizuho Securities on May 13, 2025 (the "**Share Valuation Report (Mizuho Securities)**").

As a result of these deliberations, and as further described below, the Target Company concluded that making the Target Company a wholly-owned subsidiary of the Tender Offeror through the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the corporate value of the Target Company.

With respect to the environment surrounding the domestic road paving industry in which the Target Company Group operates, according to the "First Mid-term Plan for the Implementation of National Resilience (Draft)," presented in the materials from the 22nd meeting of the National Resilience Promotion Headquarters dated April 1, 2025, the Japanese government is expected to allocate a budget exceeding JPY 20 trillion in the "Mid-term Plan for the Implementation of National Resilience" (covering FY2026 to FY2030), which the Japanese government aims to finalize in June 2025. This exceeds the JPY 15 trillion budget of the "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience" (covering FY2021 to FY2025) of the Japanese government. Accordingly, the Target Company Group recognizes that the external environment is likely to remain stable over the next five years (through FY2029). In addition, expectations are high for initiatives such as the development of a seamless network and automated logistics roads based on "WISENET2050," which is being launched by the Ministry of Land, Infrastructure, Transport and Tourism following the release of the "Interim Summary on the Future of the High Standard Highway Network" by the National Highways Subcommittee of the Roads Committee under the Infrastructure Development Council on October 31, 2023, as well as infrastructure reinforcement plans under the fundamental enhancement of Japan's defense capabilities. Although the Target Company's financial results can be forecasted to a certain extent over the next five years, the outlook beyond that remains uncertain due to various factors. These include the potential for a declining trend in public investment as Japan's fiscal condition is expected to worsen with the ongoing population decline caused by Japan's aging and shrinking population, as well as the possibility of profit margins being squeezed due to rising raw material costs stemming from continued inflationary trends and increases in crude oil prices. In light of these uncertainties surrounding the market environment in the next 10 to 20 years, the Target Company believes it is necessary to expand its business areas and improve profitability in order to adapt to market conditions over the next 10 to 20 years. In addition, the Target Company recognizes the urgent need to improve productivity and implement automation and labor-saving measures in response to the chronic shortage of engineers and laborers. Furthermore, it acknowledges the necessity of ensuring product quality in line with recent societal trends, reinforcing compliance, improving the workplace environment through work style reforms, and promoting diversity, equity, and inclusion (DEI).

In light of the business environment surrounding the Target Company Group described above, the Target Company has determined that becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions will eliminate the structural conflict of interest between the Tender Offeror and the Target Company's minority shareholders, enable the Tender Offeror to further invest management resources into the Target Company Group, and allow for the implementation of the following initiatives to realize synergies.

(a) Expansion of Orders through Strengthened Collaboration on Infrastructure Renovation Projects

Since becoming a consolidated subsidiary of the Tender Offeror, the Target Company has formed joint ventures (JVs) with the Tender Offeror and has been engaged in site preparation and infrastructure renovation projects.

However, under the current circumstances in which both the Target Company and the Tender Offeror maintain their independence as listed companies, coordination and sharing of such information between the two companies results in that information being disclosed outside the Target Company Group. As a result, the parties are inevitably cautious in determining whether to provide such information and in defining the scope of information that can be shared. These limitations have led to challenges in achieving mutual understanding of strategic direction and in the speed of decision-making, which has led to lost order acquisition opportunities. Making the Target Company a wholly-owned subsidiary would eliminate those restrictions, and by reviewing approval authority and related processes, it is expected to strengthen close and swift communication, thereby accelerating the expansion of order acquisition through the formation of joint ventures (JVs).

(b) Strengthening the Business Foundation and Collaboration in Research and Development under a Shared Medium- to Long-term Growth Strategy

With respect to overseas operations, as with the expansion of orders through strengthened collaboration on infrastructure renovation projects described in (a) above, limitations on collaboration and information sharing between the two companies have been a major factor preventing the Target Company from sufficiently pursuing the acquisition of non-Japanese clients, the entry into new overseas markets, and the expansion of its business areas – including ODA projects – in its overseas activities, which have primarily focused on Japanese companies in Thailand and Malaysia. However, by becoming a wholly-owned subsidiary, the Target Company believes it will be able to further strengthen information sharing on potential projects with the Tender Offeror and enhance joint customer outreach, thereby enabling the expansion of those business areas. The Target Company also believes that, with respect to M&A, becoming a wholly-owned subsidiary will enhance information sharing, enabling it to leverage the Tender Offeror's financial strength and its M&A-related resources and expertise to swiftly acquire companies with solid business foundations that contribute to the growth of the Target Company Group, thereby enabling effective and rapid growth of the Target Company Group. Through these initiatives, information sharing with the Tender Offeror is expected to broaden the scope of utilizing its private-sector sales network, and by strengthening sales efforts aimed at securing direct orders from private-sector clients, the Target Company Group anticipates increases in orders received and net sales. An increase in high-quality direct orders is also expected to improve the profitability of the Target Company Group as a whole.

In bidding for government projects, due to limitations on collaboration from the perspective of maintaining independence, the Target Company has been unable to fully share cost estimation and technical proposal expertise, making it difficult to submit highly competitive proposals and resulting in lost order opportunities. However, the Target Company believes that becoming a wholly-owned subsidiary will enable it to acquire the Tender Offeror's expertise in government cost estimation and technical proposal preparation, leading to the creation of new order opportunities. In addition, with respect to procurement, because it was necessary to maintain a purchasing system independent from the Tender Offeror, the Target Company had, in principle, procured materials independently. However, becoming a wholly-owned subsidiary will make it possible to utilize the Tender Offeror's purchasing system, and the Target Company believes that larger lot sizes will allow for lower unit prices, thereby contributing to a reduction in construction costs.

With respect to research and development, the Target Company recognizes the need to actively pursue automation and labor-saving measures, efficiency improvements, enhanced durability, and reduced environmental impact going forward. However, due to constraints on information sharing, the scope of joint research has been limited, and there have been limits to what the Target Company Group could

achieve on its own. By becoming a wholly-owned subsidiary, the Target Company will be able to leverage the Tender Offeror's management resources – including sales information on projects and clients, as well as expertise and technologies related to digital transformation (DX), the environment, and production processes – to more deeply align on research and development themes and promote collaborative efforts. This is expected to contribute to achieving carbon neutrality by 2050, reducing costs through automation and labor-saving measures, and advancing the work motivation reform.

(c) Strengthening Corporate Governance and Integrated Management

The Target Company believes that becoming a wholly-owned subsidiary of the Tender Offeror would resolve the parent-subsidary listing issue, thereby enabling more rapid decision-making and enhanced corporate governance. From the perspective of integrated operations, the Target Company believes that it will be able to collaborate with the Tender Offeror on new graduate and mid-career recruitment efforts by leveraging the Tender Offeror's brand, thereby enhancing its ability to secure talent.

From the perspective of work motivation reform and promotion of DEI, the Target Company has been advancing work style reforms targeting the so-called “2024 issue,” focusing on reducing overtime hours and ensuring days off. In addition, as of April 2025, it has implemented a reform of its personnel system aimed at promoting diversity, equity, and active female participation. The Target Company believes that, by becoming a wholly-owned subsidiary, it will be able to further improve operational efficiency through the use of the Tender Offeror's cutting-edge digital transformation (DX) and AI technologies, and more swiftly establish new ways of working. In addition, through training on diversity and equity based on the DEI policies actively promoted by the Tender Offeror, the Target Company aims to become a company where employees feel a strong sense of purpose and fulfillment in their work.

(d) Reduction of Listing Maintenance Costs and Operational Burden, and Streamlining of Financing

From the perspective of reducing listing maintenance costs and operational burden, the Target Company believes that becoming a wholly-owned subsidiary would alleviate the workload related to listing maintenance (such as listing fees, costs for the preparation of disclosure documents, fees paid to stock transfer agents, audit fees, and costs associated with earnings briefings) as well as the burden of dealing with minority shareholders. This would enable optimal personnel allocation, including the reassignment of staff to busy production sites, and lead to cost reductions.

From a financing perspective, the Target Company believes that, when necessary, it will be able to utilize group financing through the Tender Offeror to raise funds at a lower cost.

The Target Company has also considered the potential disadvantages of becoming a private company through the Transactions, including the impact of a decline in brand strength as a listed company on external credibility, including with business partners and other stakeholders; the potential decrease in employee motivation; the possibility of increased difficulty in securing talent; and the inability to raise funds through equity financing from the capital markets.

Both the Tender Offeror and the Target Company have already established a certain level of recognition within the industry and have earned social credibility as listed companies. Therefore, the Target Company believes that becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions is unlikely to have a negative impact on its external credibility, including with business partners and other stakeholders. In addition, given the Target Company's current financial condition, there is no foreseeable need to raise funds through equity financing in the near term, and the Target Company believes that it will

continue to have access to funding through group financing within the Tender Offeror Group, making it unlikely that the Transactions would hinder its ability to raise capital. The Target Company believes that becoming a wholly-owned subsidiary will be acceptable to the business partners, employees, and other stakeholders of the Target Company Group in light of the following: with respect to the management structure of the Target Company following the Transactions, the Tender Offeror does not intend to change the Target Company's name and intends to maintain the current management and operational policies, which respect the Target Company's managerial independence; the future management structure of the Target Company will be determined through discussions between the two companies, and will include consideration of the organizational structure and various functions associated with delisting, as well as revisions to reporting and communication systems, with the aim of implementing various initiatives and further strengthening the business foundation of the Target Company; and the Tender Offeror plans to maintain the employment of the Target Company's employees after the Tender Offer and, in principle, to maintain their current working conditions.

The Target Company has also determined, based on the following factors, among others, that the Tender Offer Price and the other terms and conditions of the Tender Offer (including the fact that a so-called "Majority of Minority" has not been set and the duration of the tender offer period (the "**Tender Offer Period**")) are reasonable, and that the Tender Offer provides the shareholders of the Target Company with an opportunity to sell their Target Company Shares at a price with a reasonable premium and under reasonable terms and conditions.

- (A) As stated in "(ii) Share Valuation Report Obtained by the Target Company from an Independent Third-Party Valuation Agency" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, the Tender Offer Price exceeds the upper limit of the calculation results based on the market price method as calculated by Mizuho Securities in its valuation of the Target Company Shares, falls within the range of the calculation results based on the comparable company analysis method, and is within the range of the calculation results based on the discounted cash flow method (the "**DCF Analysis**").
- (B) As stated in "(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Agency" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, the Tender Offer Price exceeds the upper limit of the calculation results based on the market price method as calculated by Plutus Consulting in its valuation of the Target Company Shares, falls within the range of the calculation results based on the comparable company analysis method, and is above the median of the calculation results based on the DCF Analysis. In addition, the Special Committee has obtained a Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair to the general shareholders of the Target Company from a financial point of view.
- (C) The Tender Offer Price of JPY 2,520 per share represents a premium of 16.18% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025 (JPY 2,169) (rounded to the second decimal place; hereinafter the same with respect to premium percentages), a premium of 26.63% over the simple average closing price for the most recent one-

month period (JPY 1,990), a premium of 30.84% over the simple average closing price for the most recent three-month period (JPY 1,926), and a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845). While these premiums are all below the median premium rates (41.40%, 43.00%, 40.00%, and 38.77%, respectively) of 75 similar tender offers (tender offers aimed at making a company a wholly owned subsidiary by a controlling shareholder (excluding management buyout (MBO) cases, cases with no minority squeeze-out measures following the take-over bid (TOB) cases, and two-step take-over bid (TOB) cases) announced after the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A” on June 28, 2019 (using the business day immediately preceding the public announcement as the reference date for calculating the premium over the closing price and the simple average closing prices for the past one, three, and six months)), it is believed that the following factors should be taken into account when assessing the premium levels: (i) (a) The volatility of the Target Company’s share price over the most recent one-month period was 12.97%, while the average monthly volatility over the preceding six-month period (October 2024 to March 2025) was 6.80%, indicating a very high level of volatility in the most recent month. (b) Over the four trading days immediately preceding the announcement date, the Target Company’s market share price rose sharply by 9.82%, and the average daily trading volume during this period was 187,225 shares, compared to the average daily trading volume of 60,129 shares over the past year. Given that the average daily trading volume of the Target Company Shares increased significantly and the Target Company made no new timely disclosures during that four-trading day period, it is reasonably inferred that speculative trading exceeding normal volumes took place during that time, resulting in a sudden surge in the market price of the Target Company Shares. In light of (a) and (b) above, it is not appropriate to place undue weight on short-term market prices—particularly the market price on the business day immediately preceding the announcement date, the one-month average market price, or the three-month average market price which tends to be influenced by such recent levels—and instead it is considered appropriate to place greater weight on the comparison with the simple average closing price over the past six months, which is a longer-term indicator. While the median premium rate over the simple average closing price for the past six months in similar cases is 38.77%, the Tender Offer Price represents a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845), with a deviation of only 2.18%, which is considered small. (ii) (a) Since April 7, 2025, both the Nikkei Stock Average and the share price of the Target Company Shares have risen sharply (specifically, the Nikkei Stock Average rose by JPY 7,047 (22.63%) from the closing price of JPY 31,136 on April 7, 2025 to JPY 38,183 on May 13, 2025, the business day immediately before the public announcement; the Target Company’s share price rose by JPY 389 (21.85%) from the closing price of JPY 1,780 on April 7, 2025 to JPY 2,169 on May 13, 2025, the business day immediately before the public announcement). (b) According to newspaper and other media reports, the rise in share price was likely driven by the announcement and subsequent suspension of reciprocal tariffs in the United States. (c) Since April 7, 2025, the Target Company has not made any new timely disclosures, and the share price fluctuations of the Target Company Shares are not considered to reflect any specific public announcements made by the Target Company. In view of the above, the share price of the Target Company Shares on the business day immediately prior to the announcement and the average prices over the past one month may have been temporarily affected by the reciprocal tariff announcements. Therefore, when also referencing premium rates based on April 4, 2025, the business day immediately preceding the sharp rise in share prices, the premium rates over the closing price on that day and the simple average closing prices for the past one, three, and six months as of that day were 39.23%, 32.49%,

35.48%, and 41.97%, respectively, and the premium over the simple average closing price for the past six months exceeded the median premium rate over the past six months in similar cases. Based on the above, it is believed that the Tender Offer Price includes a premium that is not inferior to those in the comparable cases described above.

- (D) The Tender Offer Price exceeds the Target Company's highest share price of JPY 2,410 (which was the highest intraday price recorded on January 4, 2024).
- (E) Measures to ensure the fairness of the Tender Offer, as described in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, have been taken and it is recognized that the interests of the minority shareholders of the Target Company are being protected.
- (F) It is also noted that, after the implementation of those measures, the Target Company engaged in good-faith negotiations with the Tender Offeror with substantial involvement of the Special Committee, which is independent from both the Target Company Group and the Tender Offeror Group, and that the Tender Offer Price reflects an increase from the initial proposed price of JPY 2,200 presented by the Tender Offeror.
- (G) As stated in "(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, the Special Committee Report obtained from the Special Committee, which is independent from the Target Company, determined that the terms of the Transactions, including the Tender Offer Price, are fair and reasonable.

In addition, as described in "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, although a so-called "Majority of Minority" (setting of a minimum number of shares to be tendered by minority shareholders) has not been set for the Tender Offer, it is understood that other measures have been sufficiently taken to ensure the fairness of the Tender Offer Price. In light of that, the absence of a so-called "Majority of Minority" alone does not mean that appropriate measures to ensure fairness have not been taken. Further, as stated in "(x) Measures to Ensure Opportunities for the Target Company's Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer" in "(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "b. Background of Valuation" in "(4) Basis for Valuation of Tender Offer Price" in "2. Outline of Purchase, Etc." below, the Tender Offer Period has been set at 30 business days, even though the statutory minimum is 20 business days. Considering these factors, it is believed the terms of the Tender Offer other than the Tender Offer Price also give consideration to ensuring the fairness of the Tender Offer and are reasonable.

In light of the above, the Target Company has determined that the Transactions will contribute to enhancing the Target Company's corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of its board of

directors held today the Target Company resolved to express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer.

For details on the method of that resolution of the board of directors, please see “(viii) Approval of All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Corporate Auditors of the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below.

c. Management Policy after the Tender Offer

After making the Target Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror intends to strengthen the collaboration between the Target Company and the Tender Offeror and to operate in an integrated manner to further share the expertise between the two companies and promote mutual utilization of management resources such as markets, technologies and customers of the two companies in order to achieve the growth strategy.

As of today, the management structure of the Target Company after the Transactions has not yet been determined, and there are no matters envisaged or desired by the Tender Offeror with respect to the management structure or executive structure of the Target Company or dispatch of directors after the Transactions. However, the Tender Offeror plans to consider, upon consultation with the Target Company, the optimal management structure, including review of the organizational structure and various functions associated with the delisting as well as the reporting and communication system, to execute the above measures and further strengthen the management foundation.

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

In view of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror, and the Transactions, including the Tender Offer, constitute material transactions, etc. with a controlling shareholder of the Target Company and that the Transactions fall under a category of transactions that typically involve the issues of structural conflicts of interest and asymmetric information, the Tender Offeror and the Target Company have taken the following measures to address these issues and ensure the fairness of the Tender Offer. The descriptions of the following measures from (i) to (x) taken by the Target Company are based on the Target Company’s Press Release and explanations by the Target Company.

Further, as described in “(1) Overview of the Tender Offer” above, the Tender Offeror holds 22,018,000 Target Company Shares (ownership ratio: 50.11%) as of today, and therefore, the Tender Offeror believes that setting a minimum number of shares to be purchased by the so-called “Majority of Minority” in the Tender Offer would make the likelihood of a successful completion of the Tender Offer uncertain and may not contribute to the interests of the minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, no minimum number of shares to be purchased by the so-called “Majority of Minority” has been set for the Tender Offer. However, since the Tender Offeror and the Target Company have taken the following measures from (i) to (x) to ensure the fairness of the Tender Offer Price, the Tender Offeror believes that the interests of the Target Company’s minority shareholders have been adequately taken into consideration. In the Special Committee Report, the Special Committee determined that, in light of the fact that other measures to ensure fairness have been sufficiently implemented, the mere absence of a so-called “Majority of Minority” does not, by itself, warrant the conclusion that appropriate measures to ensure fairness have not been taken. The Target Company shares

this view.

- (i) Share Valuation Report Obtained by the Tender Offeror from an Independent Third-Party Valuation Agency
- (ii) Share Valuation Report Obtained by the Target Company from an Independent Third-Party Valuation Agency
- (iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee
- (iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Agency
- (v) Advice From an Independent Law Firm Obtained by the Special Committee
- (vi) Advice From an Independent Law Firm Obtained by the Target Company
- (vii) Establishment of an Independent Examination Framework at the Target Company
- (viii) Approval of All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Corporate Auditors of the Target Company
- (ix) No Deal Protection Clause
- (x) Measures to Ensure Opportunities for the Target Company's Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer

For details of the above, please see “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” below.

- (4) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)

As described in “(1) Overview of the Tender Offer” above, if the Tender Offeror fails to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror plans to implement the below Squeeze-Out Procedures after the completion of the Tender Offer:

a. Demand for Share Cash-Out

In the event that the Tender Offeror comes to hold 90% or more of the total number of voting rights of all shareholders of the Target Company as a result of the completion of the Tender Offer and the Tender Offeror becomes a special controlling shareholder as defined in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to demand that all shareholders (excluding the Tender Offeror and the Target Company) of the Target Company (the “**Shareholders Subject to Cash-Out**”) sell all of their Target Company Shares (the “**Demand for Share Cash-Out**”) promptly after the completion of the settlement of the Tender Offer in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act. With respect to the Demand for Share Cash-Out, the Tender Offeror plans to provide the Shareholders Subject to Cash-Out with a cash amount equal to the Tender Offer Price as consideration for each Target Company Share. In this case, the Tender Offeror will notify the Target Company to that effect and request

the Target Company to approve the Demand for Share Cash-Out. If the Target Company approves the Demand for Share Cash-Out by a resolution of its board of directors, the Tender Offeror will acquire all of the Target Company Shares held by the Shareholders Subject to Cash-Out on the acquisition date designated in the Demand for Share Cash-Out in accordance with the procedures prescribed by the relevant laws and regulations without the need for the individual approval of Shareholders Subject to Cash-Out. In addition, the Tender Offeror plans to deliver to the Shareholders Subject to Cash-Out cash amounts equal to the Tender Offer Price as consideration per Target Company Share held by the Shareholders Subject to Cash-Out.

According to the Target Company's Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make the Demand for Share Cash-Out and the matters set forth in each Item of Article 179-2, Paragraph 1 of the Companies Act, the Target Company's board of directors plans to approve the Demand for Share Cash-Out.

As a procedure for the purpose of protecting the rights of minority shareholders in connection with the above procedures, the Companies Act stipulates that, if the Demand for Share Cash-Out is made, the Shareholders Subject to Cash-Out may file a petition with the court to determine the purchase price of the Target Company Shares in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations. If such a petition is filed, the purchase price per share of the Target Company Shares will be ultimately determined by the court.

b. Share Consolidation

If the total number of voting rights of the Target Company held by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Target Company after the Tender Offer is completed, the Tender Offeror plans to request the Target Company promptly after the completion of the settlement of the Tender Offer to convene an extraordinary shareholders' meeting (the "**Extraordinary Shareholders' Meeting**") by September 2025 with agenda items including proposals for consolidation of the Target Company Shares (the "**Share Consolidation**") pursuant to Article 180 of the Companies Act and a partial amendment to the Target Company's articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. According to the Target Company's Press Release, if the Target Company receives such a request from the Tender Offeror, the Target Company plans to comply with the request. In addition, the Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders' Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will hold, as of the date on which the Share Consolidation takes effect, a proportionate number of the Target Company Shares in accordance with the Share Consolidation ratio approved at the Extraordinary Shareholders' Meeting. If the Share Consolidation results in fractional shares less than one share, the shareholders of the Target Company who hold fractional shares will receive payment of the cash to be obtained by means such as selling the Target Company Shares which number the same as the total number of the fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Target Company or the Tender Offeror, in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Target Company Shares which number the same as the total number of the fractional shares, the Tender Offeror plans to calculate the sale price so that the amount to be paid, as a result of the sale, to each of the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be equal to an amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by the

shareholder, and request the Target Company to file a petition with the court for permission to conduct a voluntary sale. While the ratio of the Share Consolidation has not been determined as of today, the Tender Offeror plans to request the Target Company to determine the ratio so that the number of the Target Company Shares to be held by the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be less than one share and that only the Tender Offeror will hold all of the Target Company Shares (excluding the treasury shares held by the Target Company) after the Share Consolidation. According to the Target Company's Press Release, the Target Company plans to comply with these requests from the Tender Offeror if the Tender Offer is successfully completed.

As a provision for the purpose of protecting the rights of minority shareholders in connection with the Share Consolidation, the Companies Act stipulates that, in the event of the Share Consolidation, if it results in any fractional shares less than one share, the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) may demand the Target Company to purchase all of their fractional shares at a fair price and may file a petition with the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If such a petition is filed, the purchase price per share will be ultimately determined by the court.

Depending on the situation in relation to, among other matters, revisions and enforcement of the relevant laws and regulations and their interpretation by the authorities, the above procedures may take time to implement, or there may be changes in the measures to be implemented. However, even in such cases, if the Tender Offer is completed, the Tender Offeror intends to implement measures to eventually pay cash to shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) and to calculate the amount of cash to be paid to each of the shareholders in such cases so that it will be equal to an amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by the shareholder.

The specific procedures and schedule in each of the above cases will be determined upon consultation between the Tender Offeror and the Target Company and announced by the Target Company as soon as they are determined.

Please note that the Tender Offer is not in any way intended to solicit support from the shareholders of the Target Company for the proposals in the Extraordinary Shareholders' Meeting. In addition, the shareholders of the Target Company are advised to consult with their certified tax accountants and other experts on their own responsibility regarding the tax treatment in respect of tendering their shares in the Tender Offer and any of the above procedures.

(5) Possibility of Delisting and Reasons Therefor

The Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange as of today, but since the Tender Offeror does not set the maximum number of shares to be purchased through the Tender Offer, depending on the results of the Tender Offer, the Target Company Shares may be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. Even if the delisting criteria are not met as of the time of the completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedures after the completion of the Tender Offer as stated in "(4) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)" above. If such procedures are implemented, the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock

Exchange. After the Target Company Shares are delisted, they will no longer be traded on the Prime Market of the Tokyo Stock Exchange.

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

Not applicable

2. Outline of Purchase, Etc.

(1) Outline of the Target Company

a. Name	The Nippon Road Co., Ltd.
b. Location	7F, Seavans South Building, 2-3, Shibaura 1-chome, Minato-ku, Tokyo
c. Name and Title of Representative	Toshiyuki Ishii, Representative Director and President
d. Description of Business Activities	Road construction and paving work General civil engineering work General building construction Construction of environmental facilities Construction of sport and leisure facilities Sale and manufacture of asphalt mixture materials and emulsions Disposal of industrial waste and sale of recycled products Construction consulting business Lease business Real estate transaction business Construction design, supervision and management
e. Capital	JPY 12,290 million (as of December 31, 2024)
f. Date of Establishment	March 10, 1929
g. Major Shareholders and Shareholding Ratios (as of September 30, 2024) (Note 1)	Shimizu Corporation 50.11%
	The Master Trust Bank of Japan, Ltd. (Trust account) 8.63%
	NIPPON ROAD Business Partner Stock Ownership Association 3.62%
	Custody Bank of Japan, Ltd. (Trust account) 3.37%
	CGML PB CLIENT ACCOUNT/COLLATERAL (Standing proxy: Citibank, N.A., Tokyo Branch) 2.28%
	Meiji Yasuda Life Insurance Company 1.42%
	MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.) 1.28%
	NIPPON ROAD Employee Stock Ownership Association 1.23%
	JP JPMSE LUX RE J.P. MORGAN SEC PLCEQ CO (Standing proxy: MUFG Bank, Ltd.) 1.11%
	DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank, N.A., Tokyo Branch) 0.91%
h. Relationship between the Listed Company and the Target Company	
Capital Relationship	As of today, the Tender Offeror holds 22,018,000 shares of the Target Company Shares (ownership ratio: 50.11%).
Personnel Relationship	One of the eight directors of the Target Company formerly worked for the Tender Offeror, and one of the four corporate auditors of the Target Company is a part-time corporate auditor of Shimizu Real Estate Asset Management Corporation of the Tender Offeror Group. In addition to the above, as of March 31, 2025, one employee of the Target Company Group is seconded to one of the Other Companies of the Tender Offeror Group (Note 2), and one employee of each of the Other Companies of the Tender Offeror Group is seconded to the Target Company Group.
Business Relationship	The Target Company receives orders for civil engineering works, etc. from

	the Tender Offeror and provides cooperation in construction activities.
Status as Related Parties	The Tender Offeror is the parent company of the Target Company, and the Tender Offeror and the Target Company are mutually related parties of each other.

(Note 1) “g. Major Shareholders and Shareholding Ratios (as of September 30, 2024)” is cited from the “Status of Major Shareholders” in the Semi-Annual Securities Report for 120th fiscal year, which was filed by the Target Company on November 6, 2024.

(Note 2) The “**Other Companies of the Tender Offeror Group**” means all companies constituting the Tender Offeror Group excluding any company that constitutes the Target Company Group, collectively; the same applies hereinafter.

(2) Schedule, Etc.

a. Schedule

Date of Resolution of Board of Directors	May 14, 2025 (Wednesday)
Date of Public Notice of Commencement of Tender Offer	May 15, 2025 (Thursday) The public notice will be given electronically, and an announcement to that effect will be made in the <i>Nihon Keizai Shimbun</i> . (Electronic Public Notice Address: https://disclosure2.edinet-fsa.go.jp/)
Filing Date of Tender Offer Registration Statement	May 15, 2025 (Thursday)

b. Tender Offer Period Originally Specified in the Registration Statement

From May 15, 2025 (Thursday) to June 25, 2025 (Wednesday) (30 business days)

c. Possibility of Extension Upon Request of the Target Company

Not applicable

(3) Tender Offer Price

JPY 2,520 per share of the common shares of the Target Company

(4) Basis for Valuation of Tender Offer Price

a. Basis for Valuation

In order to ensure the fairness of the Tender Offer Price, and in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, the financial advisor of the Tender Offeror, to conduct a valuation on the Target Company Shares as a third-party valuation agency independent of the Tender Offeror and the Target Company.

After considering the valuation method to be adopted in conducting the valuation on the Target Company Shares from among various share valuation methods, Nomura Securities carried out the valuation on the Target Company Shares by using the average market price method given that the market price of the Target Company Shares exists, the comparable company analysis method given that there are several listed companies comparable to the Target Company and it is possible to make analogical inference of the share value of the Target Company Shares through comparison with comparable companies, and the discounted cash flow method in order to reflect the future business activities in the valuation. The Tender Offeror

received the share valuation report from Nomura Securities on May 13, 2025 (the “**Tender Offeror Share Valuation Report**”). (Note)

Nomura Securities is not a related party of the Tender Offeror or the Target Company and has no material interest in the Tender Offer. The Tender Offeror has not obtained an opinion with regard to the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities since the Tender Offeror has comprehensively considered the various factors set out in “(Background of the Determination of the Tender Offer Price)” in “b. Background of Valuation” below, and believes that the interests of the Target Company’s minority shareholders have been adequately considered.

The ranges of the values per Target Company Share, which were valued by each of the above-mentioned analysis methods by Nomura Securities, are as follows:

Average market price method: from JPY 1,845 to JPY 2,169

Comparable company analysis method: from JPY 1,987 to JPY 3,065

DCF Analysis: from JPY 1,851 to JPY 3,021

Under the average market price method, using May 13, 2025 as the valuation reference date, the value per share of the Target Company Shares was valued to be ranging from JPY 1,845 to JPY 2,169 based on the closing price of the valuation reference date (JPY 2,169), the simple average closing price for the most recent five business days prior to the valuation reference date (JPY 2,086), the simple average closing price for the most recent one month prior to the valuation reference date (JPY 1,990), the simple average closing price for the most recent three months prior to the valuation reference date (JPY 1,926) and the simple average closing price for the most recent six months prior to the valuation reference date (JPY 1,845) of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange.

Under the comparable company analysis method, the value of the Target Company Shares was valued by comparing the market prices and financial indicators showing profitability, etc., of listed companies engaged in businesses that are similar to that conducted by the Target Company. Through this analysis, the value per share of the Target Company Shares was valued to be ranging from JPY 1,987 to JPY 3,065.

Under the DCF Analysis, the corporate value and the share value of the Target Company was analyzed and valued by discounting to the current value at a certain discount rate the free cash flow that the Target Company is expected to generate in the future based on the Target Company’s future earnings forecasts for the 4th quarter ending March 31, 2025 and thereafter, taking into account various factors, including the Target Company’s estimated future earnings and investment plan in the business plan for the six year fiscal period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2030, which were obtained from the Target Company (free cash flow was not included in the business plan obtained from the Target Company) and reviewed and provided by the Tender Offeror to Nomura Securities, and the Target Company’s recent performance trends and publicly disclosed information. Through this analysis, the value per share of the Target Company Shares was valued to be ranging from JPY 1,851 to JPY 3,021. The financial forecasts of the Target Company that Nomura Securities used for the DCF Analysis do not include any fiscal year in which a significant increase or decrease in profit or a significant increase or decrease in free cash flow is expected. Furthermore, the business plan of the Target Company on which the DCF Analysis was based does not include any fiscal year in which a significant increase or decrease in profit is expected. In addition, this business plan is not premised on the execution of the Transactions and does not reflect the synergies expected from completion of the Transactions as such synergies are difficult to specifically estimate at present.

On May 13, 2025, based on the results of discussions and negotiations with the Target Company, the Tender Offeror finally determined that the Tender Offer Price would be JPY 2,520, comprehensively taking into account: (i) the valuation results of the Target Company Shares in the Tender Offeror Share Valuation Report obtained from Nomura Securities; (ii) the result of the due diligence on the Target Company that was carried out during the period from early March 2025 to early April 2025; (iii) whether the board of directors of the Target Company would support the Tender Offer; and (iv) expected levels of tendering in the Tender Offer.

The Tender Offer Price (JPY 2,520) was calculated by adding a premium of (i) 16.18% to JPY 2,169, the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, the business day immediately preceding the day on which the implementation of the Tender Offer was announced, (ii) a premium of 26.63% to JPY 1,990, the simple average closing price for the previous one-month period ending on the same date, (iii) a premium of 30.84% to JPY 1,926, the simple average closing price for the previous three-month period ending on the same date, and (iv) a premium of 36.59% to JPY 1,845, the simple average closing price for the previous six-month period ending on the same date.

The Tender Offeror acquired 2,220,200 shares of the Target Company Shares (11,101,000 shares on the post-Share Split basis) (ownership ratio at that time: 25.26%) at JPY 10,000 per share (JPY 2,000 on the post-Share Split basis) through the 2022 Tender Offer. There is a difference of JPY 520 between such acquisition price of JPY 2,000 on the post-Share Split basis and the Tender Offer Price of JPY 2,520. This difference is due to the following facts: (i) the acquisition price in the 2022 Tender Offer was calculated by adding a premium of 19.19% to JPY 8,390 (JPY 1,678 on the post-Share Split basis), the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange on February 8, 2022, the business day immediately preceding the date on which the 2022 Tender Offer was published, whereas the Tender Offer Price was calculated by adding a premium of 16.18% to JPY 2,169, the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, the business day immediately preceding the date on which the Tender Offer was published, and (ii) the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, which was JPY 2,169, is 29.26% higher than the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange on February 8, 2022, which was JPY 1,678 on the post-Share Split basis.

(Note) In calculating the share value of the Target Company Shares, Nomura Securities has assumed that the public information and all information provided to Nomura Securities is accurate and complete, and has not independently verified the accuracy or completeness of such information. With respect to the assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliates, Nomura Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party agency to conduct any such appraisal or assessment. Nomura Securities has assumed that the financial forecasts (including profit plans and other information) of the Target Company have been reasonably reviewed or created by the management of the Tender Offeror based on the best and most sincere forecasts and judgments available at the present. The valuation by Nomura Securities reflects the information and economic conditions available to Nomura Securities as of May 13, 2025. The sole purpose of the valuation by Nomura Securities is to contribute information for the reference of the board of directors of the Tender Offeror in considering the value of the Target Company Shares.

b. Background of Valuation

(Background of the Determination of the Tender Offer Price)

Please see “a. Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purposes of Tender Offer, Etc.” above.

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

In view of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror, and the Transactions, including the Tender Offer, constitute material transactions, etc. with a controlling shareholder of the Target Company and that the Transactions fall under a category of transactions that typically involve the issues of structural conflicts of interest and asymmetric information, the Tender Offeror and the Target Company have taken the following measures to address these issues and ensure the fairness of the Tender Offer. The descriptions of the following measures taken by the Target Company are based on the Target Company’s Press Release and explanations by the Target Company.

As stated in “(1) Overview of the Tender Offer” in “1. Purposes of Tender Offer” above, the Tender Offeror holds 22,018,000 Target Company Shares (ownership ratio: 50.11%) as of today, and therefore, the Tender Offeror believes that setting a minimum number of shares to be purchased by the so-called “Majority of Minority” in the Tender Offer would make the likelihood of a successful completion of the Tender Offer uncertain and may not contribute to the interests of the minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, no minimum number of shares to be purchased by the so-called “Majority of Minority” has been set for the Tender Offer. However, since the Tender Offeror and the Target Company have taken measures to ensure the fairness of the Tender Offer, as stated below, the Tender Offeror believes that the interests of the Target Company’s minority shareholders have been adequately taken into consideration. In the Special Committee Report, the Special Committee determined that, in light of the fact that other measures to ensure fairness have been sufficiently implemented, the mere absence of a so-called “Majority of Minority” condition does not, by itself, warrant the conclusion that appropriate measures to ensure fairness have not been taken. The Target Company shares this view.

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

The Tender Offeror has obtained the Tender Offeror Share Valuation Report from Nomura Securities regarding the valuation results of the Target Company Shares in order to ensure the fairness of the Tender Offer Price when determining the Tender Offer Price. For details, please see “a. Basis for Valuation” above.

- (ii) Share Valuation Report Obtained by the Target Company from an Independent Third-Party Valuation Agency

- (a) Name of Valuation Agency and its Relationship with the Target Company and the Tender Offeror

According to the Target Company’s Press Release, as stated in “(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee” below, the Target Company appointed Mizuho Securities as its financial advisor and third-party valuation agency, independent from both the Tender Offeror Group and the Target

Company Group. The Target Company has received financial advice and support from Mizuho Securities, including valuation of the Target Company Shares and advice on the negotiation strategy with the Tender Offeror. In addition, on May 13, 2025, the Target Company obtained the Share Valuation Report (Mizuho Securities). (Note)

Mizuho Securities is not a related party of either the Target Company or the Tender Offeror and does not have any material interest in the Transactions, including the Tender Offer. While Mizuho Bank, Ltd. (“**Mizuho Bank**”), a group company of Mizuho Securities, is a shareholder of the Tender Offeror and engages in ordinary banking transactions, including loan transactions, with both the Target Company and the Tender Offeror, and while Mizuho Trust & Banking Co., Ltd. (“**Mizuho Trust Bank**”), also a group company of Mizuho Securities, engages in ordinary banking transactions, including loan transactions, with both the Target Company and the Tender Offeror, neither Mizuho Bank nor Mizuho Trust Bank has any material interest that would give rise to a conflict of interest with the Target Company or the Tender Offeror with respect to the Transactions, including the Tender Offer. According to Mizuho Securities, in accordance with Article 36, paragraph (2) of the Act and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments Business (Cabinet Office Ordinance No. 52 of 2007, as amended), it has established and implemented appropriate conflict of interest management systems, including information barriers between Mizuho Securities, Mizuho Bank, and Mizuho Trust Bank, and has conducted the valuation of the Target Company Shares from an independent position, separate from Mizuho Bank’s status as a shareholder and lender and Mizuho Trust Bank’s status as a lender. The Target Company has determined that there are no particular issues with requesting Mizuho Securities to conduct the valuation of the Target Company Shares in light of the fact that appropriate measures to prevent adverse effects have been implemented between Mizuho Securities, Mizuho Bank, and Mizuho Trust Bank; that transactions between the Target Company and Mizuho Securities are conducted under terms equivalent to those with general business partners, thereby ensuring sufficient independence in performing its duties as a financial advisor and third-party valuation agency for the Transactions; and that Mizuho Securities has a proven track record of serving as a third-party valuation agency in similar past cases. In addition, the compensation to be paid to Mizuho Securities in connection with the Transactions consists solely of a fixed fee that is payable regardless of whether the Transactions are successfully completed, and does not include any incentive fee contingent upon the announcement or completion of the Transactions. At the meeting of the Special Committee held on February 21, 2025, after confirming that there were no particular issues regarding the independence and expertise of Mizuho Securities, the Special Committee approved the appointment of Mizuho Securities as the Target Company’s financial advisor and third-party valuation agency.

(Note) In calculating the share value of the Target Company Shares, Mizuho Securities has, in principle, used the information provided by the Target Company and its affiliates, Mizuho Securities has assumed that such information has been reasonably prepared or created by the management of the Target Company based on the best and most sincere forecasts and judgments available at this time, and has not independently verified the feasibility of such information. With respect to the assets and liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) and allowances of the Target Company and its affiliates, Mizuho Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party institution to conduct any

such evaluation, appraisal, or assessment. The valuation by Mizuho Securities reflects the information and economic conditions available to Mizuho Securities as of May 13, 2025 (provided, however, that the financial information is as of the end of December 2024 (end of the third quarter)). The sole purpose of the calculation by Mizuho Securities is to contribute information for the reference of the board of directors of the Target Company in considering the Tender Offer Price.

(b) Outline of Valuation of the Target Company Shares

After considering which valuation method should be applied among various share valuation methods available, given that the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and have a market price, Mizuho Securities adopted the market price method. In addition, as there are several listed companies engaged in businesses relatively similar to that of the Target Company, making it possible to infer share value through comparison, Mizuho Securities also adopted the comparable company analysis method. Furthermore, in order to reflect the Target Company's future business activities in the valuation, Mizuho Securities applied the DCF Analysis. Using these methods, Mizuho Securities evaluated the per-share value of the Target Company Shares, and the Target Company obtained the Share Valuation Report (Mizuho Securities) from Mizuho Securities on May 13, 2025. In light of the fact that sufficient measures to ensure fairness have been implemented, including those described in “(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee” and “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Agency” in “(6) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Target Company has not obtained a written opinion (fairness opinion) from Mizuho Securities stating that the Tender Offer Price is fair from a financial point of view for the shareholders of the Target Company other than the Tender Offeror.

According to the Share Valuation Report (Mizuho Securities), the ranges of per-share value of the Target Company Shares calculated based on each of the above methods are as follows.

Market price method: from JPY 1,845 to JPY 2,169

Comparable company analysis method: JPY 2,491 to JPY 3,099

DCF Analysis: JPY 1,996 to JPY 3,135

Under the market price method, using May 13, 2025, the business day immediately preceding the announcement date of the Tender Offer, as the reference date, Mizuho Securities calculated the per-share value range of the Target Company Shares to be ranging from JPY 1,845 to JPY 2,169, based on the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date (JPY 2,169), the simple average of the closing prices for the previous one-month period up to and including the reference date JPY 1,990, the simple average of the closing prices for the previous three-month period (JPY1,926), and the simple average of the closing prices for the previous six-month period (JPY 1,845).

Under the comparable company analysis method, Mizuho Securities selected Toa Road Corporation and Seikitokyu Kogyo Co., Ltd. as listed companies engaged in businesses relatively similar to that of the Target Company, and calculated the value of the Target Company Shares using the EBITDA

multiples to enterprise value. Based on that analysis, Mizuho Securities calculated the per-share value range of the Target Company Shares to be from JPY 2,491 to JPY 3,099.

Under the DCF Analysis, Mizuho Securities calculated the enterprise value and equity value of the Target Company by discounting, at a certain discount rate, the free cash flow the Target Company is expected to generate from the fourth quarter of the fiscal year ended March 2025 based on the Target Company's business plan for the period from the fiscal year ended March 2025 to the fiscal year ending March 2030 (the “**Business Plan**”), along with investment plans and other factors contained therein, as well as publicly available information. Based on this analysis, Mizuho Securities calculated the per-share value range of the Target Company Shares to be from JPY 1,996 to JPY 3,135. The discount rate applied ranged from 6.3% to 7.3%. In addition, in calculating the going concern value, Mizuho Securities adopted both the perpetuity growth method and the exit multiple method. Under the perpetuity growth method, a perpetual growth rate of -0.5% to 0.5% was applied, and under the exit multiple method, an EBITDA multiple of 6.1 times to 8.1 times was applied.

The financial projections used as the basis for the analysis using the DCF Analysis are as follows, and although they do not include fiscal years in which significant increases or decreases in profit are expected, they do include fiscal years in which significant fluctuations in free cash flow are expected. For the fiscal year ended March 2025, free cash flow is expected to increase by JPY 11,551 million from the previous fiscal year due to a decrease in capital expenditures for complex facilities and a smaller increase in working capital.

In addition, the financial projections do not reflect any synergies expected to be realized through the execution of the Transactions, as it is currently difficult to estimate them with specificity, and such synergies were not included in the valuation conducted by Mizuho Securities, which was based on those projections. The Special Committee conducted a Q&A session with the Target Company regarding the content and preparation process of those financial projections, and confirmed that there were no unreasonable aspects in light of the interests of the minority shareholders of the Target Company.

(Unit: million yen)

	Fiscal year ended March 2025 (three months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Net sales	42,457	167,000	169,000	172,500	177,000	180,000
Operating income	2,480	9,400	10,100	10,800	12,000	13,000
EBITDA	3,850	13,538	13,835	14,328	15,400	16,220
Free cash flow	(1,228)	4,760	5,747	4,204	5,251	6,121

(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee

(a) Background to Establishment, Etc.

According to the Target Company's Press Release, as stated in “b. Background to, Details and

Reasons for Decision-Making within the Target Company” in “(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purposes of Tender Offer, Etc.” above, after receiving a notice from the Tender Offeror on January 9, 2025 that it was commencing consideration of the Transactions, on February 13 and 17, 2025 and prior to establishing the Special Committee, with advice from Gaien Partners, provided an explanation to all of its directors and auditors, including its independent outside directors serving at that time that it had received a proposal from the Tender Offeror to begin discussions on making the Target Company a wholly-owned subsidiary through the Tender Offer and the Letter of Intent outlining the expected synergies, structure, and schedule of the Transactions. The Target Company also explained that, in order to establish a framework for examining, negotiating, and making decisions on the Transactions from an independent standpoint and from the perspective of enhancing the corporate value of the Target Company and protecting the interests of its minority shareholders, it would be necessary to implement sufficient measures to ensure the fairness of the terms of the Transactions, including the establishment of a Special Committee, since the Transactions are considered to typically involve the issues of structural conflicts of interest and asymmetric information. The Target Company, with advice from Gaien Partners, also confirmed the independence and qualifications of its independent outside directors who were the candidates for membership on the Special Committee. Based on the confirmation that the candidates are independent from both the Tender Offeror Group and the Target Company Group (it has been confirmed that Mr. Nozomu Morimura, Mr. Taku Matsumoto, and Ms. Fumiko Kosao have no material interests with either the Tender Offeror Group or the Target Company Group) and that they do not have any material interests that differ from those of the minority shareholders with respect to the outcome of the Transactions, and with advice from Gaien Partners, the Target Company selected three individuals as candidates for members of the Special Committee. In doing so, the Target Company aimed to ensure that the Special Committee would have an appropriate size and a balanced combination of knowledge, experience, and expertise. The selected candidates were: Mr. Nozomu Morimura (an independent outside director of the Target Company), who has extensive experience and insight as representative director and executive vice president at Toto Ltd. and significant knowledge in business management; Mr. Taku Matsumoto (an independent outside director of the Target Company), who has broad insight and extensive experience as an attorney; and Ms. Fumiko Kosao (an independent outside director of the Target Company), who has considerable experience as a certified public tax accountant and expertise in governance and related matters. (Mr. Morimura was appointed chairperson of the Special Committee by mutual election of the members, and the composition of the Special Committee has not changed since its establishment.) As stated in “b. Background to, Details and Reasons for Decision-Making within the Target Company” in “(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purposes of Tender Offer, Etc.” above, the Target Company, by a resolution of its board of directors at a meeting held on February 21, 2025, established the Special Committee and submitted the Inquiry Matters to the Special Committee for its deliberation. In establishing the Special Committee, the board of directors of the Target Company positioned the Special Committee as a deliberative body independent from the board of directors of the Target Company and resolved that, in making decisions regarding the Transactions, (i) the board of directors would give maximum deference to the content of the decisions of the Special Committee and (ii) if the Special Committee determined that the terms of the Transactions were not reasonable, the

board of directors would not support the Transactions under those terms. In addition, the board of directors granted the Special Committee the authority to: (i) request the provision of information necessary to examine and assess the Transactions from the officers and employees of the Target Company and any other persons the Special Committee deems necessary; (ii) appoint, as necessary and at the Target Company's expense, independent advisors, including financial or legal advisors, and to designate or approve (including ex post facto approval) the financial or legal advisors engaged by the Target Company (the Special Committee may also seek expert advice from the Target Company's advisors); (iii) substantially participate in the negotiation process regarding the terms and conditions of the Transactions by confirming the negotiation policy in advance, receiving timely updates on the status of negotiations, providing opinions, and issuing instructions or requests as needed, and, if deemed necessary by the Special Committee, directly engage in discussions and negotiations regarding the terms and conditions of the Transactions; and (iv) exercise any other authority the Special Committee deems necessary for the examination and assessment of the Transactions.

The members of the Special Committee are to be paid a fixed amount of compensation for their services, regardless of the content of the Special Committee Report, and that compensation does not include any incentive fee contingent upon the successful completion of the Transactions.

(b) Background to Examination

The Special Committee held a total of 12 meetings totaling over approximately 14 hours between February 21, 2025 and May 13, 2025. In addition, between meetings, the Special Committee carried out its duties related to the Inquiry Matters by receiving reports, sharing information, conducting deliberations, and making decisions as necessary by email and through virtual meetings.

Specifically, after considering their independence, expertise, and track records, the Special Committee resolved on March 5, 2025 to appoint TMI Associates as its independent legal advisor and Plutus Consulting as its independent third-party valuation agency, both of which are independent from the Tender Offeror Group and the Target Company Group.

The Special Committee also confirmed that there were no issues with respect to the independence, expertise, or track records of Mizuho Securities, the financial advisor and third-party valuation agency for the Target Company, and Gaien Partners, the Target Company's legal advisor, and approved their appointment. The Special Committee further confirmed that it had no objection to receiving expert advice from these advisors as necessary.

Furthermore, the Special Committee reviewed and approved the internal framework established by the Target Company for the examination of the Transactions (including the scope of officers and employees involved in the examination, negotiation, and decision-making related to the Transactions and their respective roles) and confirmed that there were no issues with respect to the independence and fairness of such internal framework.

Based on the legal advice received from TMI Associates and the opinions obtained from Gaien Partners, the Special Committee examined the measures that should be taken to ensure procedural fairness in the Transactions.

The Special Committee sent written questions to the Tender Offeror regarding matters such as the background of the proposal for the Transactions, the purpose of the Transactions, the anticipated structure of the Transactions, management policies of the Target Company after the Transactions, measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer, received written responses to these questions, and also received direct explanations from the Tender Offeror and conducted Q&A sessions during meetings of the Special Committee. For details, please see “b. Background to, Details and Reasons for Decision-Making within the Target Company” in “(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purposes of Tender Offer, Etc.” above.

On March 25, 2025, the Special Committee submitted written questions to the Target Company’s management regarding the background and purpose of the Transactions and the expected synergies. On March 28, 2025, the Special Committee received written responses from the management of the Target Company addressing those questions. In addition, at the Special Committee meeting held on March 31, 2025, the Target Company’s management provided explanations regarding those questions, after which a Q&A session was conducted.

In addition, the contents of the Business Plan, including its key assumptions and the background of its preparation, which served as the basis for negotiations with the Tender Offeror and for the share valuation of the Target Company Shares conducted by Mizuho Securities and Plutus Consulting, were explained by the Target Company to the Special Committee, followed by a Q&A session, after which the Special Committee confirmed the reasonableness of the Target Company’s business plan and approved it. As stated in “(ii) Share Valuation Report Obtained by the Target Company from an Independent Third-Party Valuation Agency” above and “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Agency” below, Mizuho Securities and Plutus Consulting conducted their valuation of the Target Company Shares based on the contents of the Business Plan. The Special Committee received explanations from Mizuho Securities and Plutus Consulting regarding the calculation methods they used to value the Target Company Shares, the reasons for adopting those calculation methods, the details of the valuations under each calculation method, and the key assumptions used. After conducting Q&A sessions and engaging in deliberation and review, the Special Committee confirmed the reasonableness of the calculation methods, the reasons for their selection, the valuation results, and the key assumptions.

As stated in “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Valuation Agency” below, the Special Committee received the Fairness Opinion from Plutus Consulting. The Special Committee also received explanations from Plutus Consulting regarding the procedures for issuing the Fairness Opinion and conducted a Q&A session in connection with that issuance.

Since April 8, 2025, when the Target Company first received a proposal from the Tender Offeror regarding the Tender Offer Price, the Special Committee has received timely reports from Mizuho Securities, the financial advisor of the Target Company, each time the Target Company received a new proposal regarding the Tender Offer Price from the Tender Offeror. Those reports included the details of the proposals and the progress of negotiations. Based on those reports and the advice received from Mizuho Securities, the Special Committee deliberated and examined

the content of each proposal. The Special Committee also received prior explanations from Mizuho Securities regarding proposed negotiation strategies with the Tender Offeror and draft responses to be sent to the Tender Offeror, provided comments and conducted Q&A sessions as necessary, approved the drafts, and issued instructions and requests to Mizuho Securities, which was responsible for negotiating with the Tender Offeror.

The Special Committee, with advice from its legal advisor TMI Associates, received explanations from Gaien Partners, the legal advisor of the Target Company, and Mizuho Securities, the financial advisor of the Target Company, regarding the drafts of the Target Company Press Release and related documents, conducted Q&A sessions, and confirmed that robust information disclosure was expected to be provided.

(c) Content of Decision

Against the backdrop of the above developments, the Special Committee, based on the legal advice received from TMI Associates, the financial advice received from Mizuho Securities, the Share Valuation Report (Mizuho Securities) submitted on May 13, 2025, and the Share Valuation Report (Plutus Consulting) and the Fairness Opinion submitted on the same date, conducted careful discussions and deliberations on the Inquiry Matters. As a result, on May 13, 2025, the Special Committee submitted the Special Committee Report to the board of directors of the Target Company substantially with the contents set out below and with the unanimous approval of its members.

(A) Contents of the Special Committee Report

- I. It is recognized that the Transactions will contribute to the enhancement of the corporate value of the Target Company and the purpose of the Transactions is reasonable.
- II. Appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair.
- III. The offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable.
- IV. In light of I. through III. above, the Transactions are not considered detrimental to the interests of the Target Company's minority shareholders and are fair to the general shareholders of the Target Company.
- V. In light of I. through IV. above, the Special Committee supports the board of directors of the Target Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

(B) Reasons for the Findings of the Special Committee Report

- i. Based on the following points, it is recognized by the Special Committee that the Transactions are aimed at enhancing the corporate value of the Target Company, and the Special Committee has determined that the purpose of the Transactions is reasonable.
 - The Special Committee conducted a detailed review of the specific contents of the

purpose of the Transactions and assessed their appropriateness and reasonableness in light of the business environment surrounding the Target Company and other relevant factors, as well as the impact of the Transactions on the Target Company's employees, business partners, and other stakeholders, and the potential for enhancement of the Target Company's corporate value based on these considerations. Specifically, the Special Committee conducted a comprehensive evaluation of the current business environment in which the Target Company operates, including the specific measures to enhance corporate value that are envisioned by the Tender Offeror Group, how concrete and practical those measures are, whether the implementation of the Transactions is necessary to execute those measures, what business advantages the Transactions would bring to the Target Company, and whether there are any disadvantages and, if so, to what extent. As a result, the Special Committee concluded that there are no particularly unreasonable aspects in the significance and purpose of the Transactions, including the Tender Offer, as contemplated by the Target Company and the Tender Offeror, and that the significance and purpose are resulting from a reasonable examination. Therefore, the Special Committee determined that the Transactions are intended to enhance the corporate value of the Target Company and that the Target Company's judgment regarding the need to implement the various measures it envisions is not particularly unreasonable.

- In addition, based on the content of the Q&A sessions with the Tender Offeror and the Target Company, the Special Committee concluded that the Tender Offeror intends to respect the managerial independence of the Target Company. Moreover, the Special Committee determined that, by making the Target Company a wholly-owned subsidiary through the Transactions, the Tender Offeror is expected to generate synergies and benefits – particularly those described below – that would be difficult to achieve if the Target Company were to remain a consolidated subsidiary. At the same time, it believes that the necessity of maintaining the Target Company's listing and the disadvantages of delisting are limited.
 - (a) Given the Target Company's business environment, where it is difficult to forecast long-term trends in government construction investment, it is necessary to expand orders not only for public works but also for private-sector projects. By becoming a wholly-owned subsidiary of the Tender Offeror, it is expected the Target Company will achieve improvements such as enhanced cost estimation accuracy, reduced transaction costs through the establishment of a joint procurement network, and increased productivity through joint technology development. These improvements are expected to help the Target Company secure additional private-sector construction orders.
 - (b) In the road paving industry, many individuals seek employment with the aim of maintaining local ties rather than being attracted by the social credibility or name recognition associated with being a listed company. It is therefore believed that the disadvantages of delisting the Target Company Shares in terms of securing human resources are limited. On the other hand, the Transactions are expected to strengthen recruitment activities across the Tender Offeror Group by leveraging the Group's brand, thereby enabling the Target Company

to secure additional talent.

- (c) It is also believed that the reduction of listing maintenance costs will enable more effective utilization of the Target Company's management resources.
 - (d) Although it is generally possible that the delisting of the Target Company's shares could impair existing business relationships, the Target Company is already recognized by its business partners as a consolidated subsidiary of the Tender Offeror and has, in practice, established strong business relationships even with partners other than the Tender Offeror. Therefore, the potential for existing business relationships to be impaired by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror is considered to be limited.
 - (e) Although the delisting of the Target Company Shares could generally raise concerns about a potential decline in employee motivation, the Target Company's name will remain unchanged after the Transactions, and the Tender Offeror has indicated that it will respect the Target Company's managerial independence, so the Special Committee believes employee motivation can be adequately maintained.
 - (f) Generally, delisting the Target Company Shares could result in the loss of access to equity financing through the capital markets; however, the Target Company has not relied on equity financing in the past and is not expected to require such financing in the future.
 - (g) Given that a significant portion of the Target Company's social credibility and recognition has been earned and maintained through its business activities, the necessity of maintaining its listed status and the disadvantages associated with going private are considered to be limited.
- ii. In light of the following points, it has been determined by the Special Committee that appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair.

(A) Establishment of the Special Committee

- In order to ensure prudence in the Target Company's decision-making regarding the Transactions, eliminate the risk of arbitrariness or conflicts of interest in the decision-making process of the Target Company's board of directors, and to ensure the fairness of that process, the Target Company established the Special Committee composed of three members: Mr. Nozomu Morimura (an independent outside director of the Target Company), Mr. Taku Matsumoto (an independent outside director of the Target Company), and Ms. Fumiko Kosao (an independent outside director of the Target Company).
- In making decisions regarding the Transactions, the Target Company has committed to giving maximum deference to the opinion of the Special Committee,

and if the Special Committee determines that the terms of the Transactions are not reasonable, the board of directors of the Target Company will not support the Transactions under those terms. The composition of the Special Committee has not changed since its establishment. In addition, each member of the Special Committee is paid a fixed amount of compensation regardless of the content of the Special Committee Report and that compensation does not include any incentive fee contingent upon the completion of the Transactions.

(B) Method of Examination by the Target Company

- In examining the Transactions, the Target Company has conducted careful deliberations and discussions on matters such as the reasonableness of the offer price of the Tender Offer and other purchase conditions of the Tender Offer, as well as the fairness of the procedures involved in the Transactions, from the perspective of enhancing the Target Company's corporate value and protecting the common interests of its shareholders. In doing so, the Target Company has received advice and opinions from Mizuho Securities, which acts as its financial advisor and third-party valuation agency independent from both the Tender Offeror Group and the Target Company Group, and from Gaizen Partners, which acts as its legal advisor, each of which is independent from both the Tender Offeror Group and the Target Company Group.
- The Special Committee confirmed that there were no issues with the independence or expertise of Mizuho Securities and Gaizen Partners, and approved their appointment as the Target Company's financial advisor and third-party valuation agency and the Target Company's legal advisor, respectively.
- The Special Committee has received advice and opinions from Plutus Consulting, its independent third-party valuation agency, and TMI Associates, its legal advisor.

(C) Deliberations and Negotiations by the Target Company

- Following the negotiation policy advised in advance by the Special Committee and with expert advice from Mizuho Securities, its financial advisor, and Gaizen Partners, its legal advisor, the Target Company engaged in multiple rounds of substantive discussions and negotiations with the Tender Offeror Group regarding the Tender Offer Price to ensure its fairness from the perspective of protecting the interests of its minority shareholders. Specifically, the Target Company, through Mizuho Securities, conducted multiple rounds of price negotiations with the Tender Offeror via Nomura Securities, the financial advisor to the Tender Offeror, while respecting the content of the Q&A sessions and exchanges of views with the Special Committee. As a result of those negotiations, the Target Company was able to obtain a total price increase of JPY 320 over the Tender Offeror's initial proposal of JPY 2,200 per Target Company Share, ultimately leading to the determination of the Tender Offer Price of JPY 2,520 per Target Company Share.

(D) Acquisition of Advice from an Independent Legal Advisor by the Special Committee

- As part of the measures to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process of the board of directors of the Target Company and to ensure the fairness of that process in connection with the Transactions, the Special Committee appointed TMI Associates as its legal advisor, which is independent from both the Tender Offeror Group and the Target Company Group. The Special Committee has received legal advice from TMI Associates, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Target Company's decision-making with respect to the Transactions.
- TMI Associates is not a related party of either the Tender Offeror Group or the Target Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

(E) Acquisition of Advice from an Independent Legal Advisor by the Target Company

- As part of the measures to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process of the board of directors of the Target Company and to ensure the fairness of that process in connection with the Transactions, the Target Company appointed Gaien Partners as its legal advisor, which is independent from both the Tender Offeror Group and the Target Company Group. The Target Company has received legal advice from Gaien Partners, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Target Company's decision-making with respect to the Transactions.
- Gaien Partners is not a related party of either the Tender Offeror Group or the Target Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

(F) No Deal Protection Clause

- Neither the Target Company nor the Tender Offeror has entered into any agreement containing deal protection provisions that would prohibit the Target Company from contacting any acquirer other than the Tender Offeror (a "**Competing Offeror**") or otherwise restrict a Competing Offeror from contacting the Target Company. By not obstructing opportunities for competing tender offers or other acquisitions, the parties have taken care to ensure the fairness of the Tender Offer.

(G) Ensuring Objective Conditions to Guarantee the Fairness of the Tender Offer

- The Tender Offeror has also set the tender offer period at 30 business days, although the statutory minimum period prescribed by law is 20 business days. By setting the tender offer period longer than the statutory minimum, the Tender Offeror aims to ensure that the shareholders of the Target Company are provided with an opportunity to make an appropriate decision regarding whether to tender their shares in the Tender Offer, while also allowing opportunities for parties other than the Tender Offeror to make competing offers for the Target Company Shares,

thereby ensuring the fairness of the Tender Offer Price.

(H) Appropriate Information Disclosure

- If the Tender Offer is successfully completed in the Transactions, it is expected that sufficient disclosure regarding the Squeeze-Out Procedures to be carried out thereafter will be provided in the tender offer registration statement to be submitted by the Tender Offeror and in press releases and other public announcements to be issued by the Target Company.
- If the Squeeze-Out Procedures are carried out after the Tender Offer, it is expected that press releases and other public disclosures will clearly state that, in the case of a demand for the sale of shares, the consideration to be delivered to the shareholders of the Target Company that did not tender their shares in the Tender Offer will be the same as the Tender Offer Price per Target Company Share; and in the case of a share consolidation, the sale proceeds for the total number of fractional shares resulting from the consolidation will be calculated so that the amount of cash delivered to each of those shareholder is equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares each of those shareholders held. Those disclosures are recognized as appropriate measures that help reduce the coerciveness of the Tender Offer.

(I) Majority of Minority Condition

- In the Transactions, the Tender Offeror owns 22,018,000 Target Company Shares as of today (ownership ratio: 50.11%). Therefore, the Tender Offeror has not set a so-called “Majority of Minority” minimum number of shares to be purchased in the Tender Offer, as doing so could make the completion of the Tender Offer uncertain and might not be in the best interests of the general shareholders of the Target Company that wish to tender their shares. However, given that other measures to ensure the fairness of the Tender Offer Price are considered to have been sufficiently taken, the mere absence of a so-called “Majority of Minority” does not, by itself, warrant the conclusion that appropriate fairness measures have not been implemented.

(J) Procedural Fairness of the Negotiation Process

- The procedures of the negotiation process concerning the Transactions, including the Tender Offer, are deemed to be fair, and the Tender Offer Price is considered to have been determined based on the results of those negotiations. In fact, as a result of the negotiations, the Target Company was able to obtain a total price increase of JPY 320 over the Tender Offeror’s initial proposal of JPY 2,200 per Target Company Share.

- iii. In light of the following points, the Special Committee has determined that the offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable.

(A) Share Valuation Report by Mizuho Securities

- According to the Share Valuation Report (Mizuho Securities), the per-share value of the Target Company Shares was calculated to be between JPY 1,845 and JPY 2,169 based on the market price method, between JPY 2,491 and JPY 3,099 based on the comparable company analysis method, and between JPY 1,996 and JPY 3,135 based on the DCF Analysis. The Tender Offer Price of JPY 2,520 per share exceeds the upper limit of the calculation results based on the market price method and falls within the range of the calculation results based on comparable company analysis method and the the DCF Analysis.
- The Special Committee received explanations from Mizuho Securities and the Target Company regarding the valuation methods used in the share valuation by Mizuho Securities, including the selection of valuation approaches, the methods, processes, and content of preparing the Target Company's business plan underlying the DCF Analysis, and the basis for calculating the discount rate. After conducting Q&A sessions and reviewing the explanations, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.

(B) Share Valuation Report and Fairness Opinion by Plutus Consulting

- According to the Share Valuation Report (Plutus Consulting), the per-share value of the Target Company Shares was calculated to be between JPY 1,845 and JPY 2,169 based on the market price method, between JPY 2,222 and JPY 2,961 based on the comparable company analysis method, and between JPY 2,097 and JPY 2,821 based on the DCF Analysis. The Tender Offer Price of JPY 2,520 per share exceeds the upper limit of the calculation results based on the market price method, falls within the range of the calculation results based on the comparable company analysis method and exceeds the median of the calculation results based on the DCF Analysis.
- The Special Committee received explanations from Plutus Consulting and the Target Company regarding the valuation methods used in the share valuation by Plutus Consulting, including the selection of valuation approaches, the methods, processes, and content of preparing the Target Company's business plan underlying the DCF analysis, and the basis for calculating the discount rate. After conducting Q&A sessions and reviewing the explanations, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.
- According to the Fairness Opinion obtained by the Special Committee from Plutus Consulting, in light of the valuation results of the Target Company Shares based on the business plan prepared by the Target Company, the Tender Offer Price of JPY 2,250 per share is fair from a financial point of view for the general shareholders of the Target Company.

(C) Comparison of Premium Levels with Precedent Transactions, Etc.

- The Tender Offer Price represents a premium of 16.18% over the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025 (JPY 2,169) (rounded to the second decimal place; hereinafter the

same with respect to premium percentages), a premium of 26.63% over the simple average closing price for the most recent one-month period (JPY 1,990), a premium of 30.84% over the simple average closing price for the most recent three-month period (JPY 1,926), and a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845). While these premiums are all below the median premium rates (41.40%, 43.00%, 40.00%, and 38.77%, respectively) of 75 similar tender offers (tender offers aimed at making a company a wholly owned subsidiary by a controlling shareholder (excluding MBOs, cases with no minority squeeze-out measures following the tender offer, and two-step tender offers) announced after the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A” on June 28, 2019 (using the business day immediately preceding the public announcement as the reference date for calculating the premium over the closing price and the simple average closing prices for the past one, three, and six months)), it is believed that the following factors should be taken into account when assessing the premium levels: (i) (a) The volatility of the Target Company’s share price over the most recent one-month period was 12.97%, while the average monthly volatility over the preceding six-month period (October 2024 to March 2025) was 6.80%, indicating a very high level of volatility in the most recent month. (b) Over the four trading days immediately preceding the announcement date, the Target Company’s market share price rose sharply by 9.82%, and the average daily trading volume during this period was 187,225 shares, compared to the average daily trading volume of 60,129 shares over the past year. Given that the trading volume of the Target Company Shares in the market increased significantly and the Target Company made no new timely disclosures during that four-trading day period, it is reasonably inferred that speculative trading exceeding normal volumes took place during that time, resulting in a sudden surge in the market price of the Target Company Shares. In light of (a) and (b) above, it is not appropriate to place undue weight on short-term market prices—particularly the market price on the business day immediately preceding the announcement date, the one-month average market price, or the three-month average market price which tends to be influenced by such recent levels—and instead it is considered appropriate to place greater weight on the comparison with the simple average closing price over the past six months, which is a longer-term indicator. While the median premium rate over the simple average closing price for the past six months in similar cases is 38.77%, the Tender Offer Price represents a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845), with a deviation of only 2.18%, which is considered small. (ii) (a) Since April 7, 2025, both the Nikkei Stock Average and the share price of the Target Company Shares have risen sharply (specifically, the Nikkei Stock Average rose by JPY 7,047 (22.63%) from the closing price of JPY 31,136 on April 7, 2025 to JPY 38,183 on May 13, 2025, the business day immediately before the public announcement; the Target Company’s share price rose by JPY 389 (21.85%) from the closing price of JPY 1,780 on April 7, 2025 to JPY 2,169 on May 13, 2025, the business day immediately before the public announcement). (b) According to newspaper and other media reports, the rise in share price was likely driven by the announcement and subsequent

suspension of reciprocal tariffs in the United States. (c) Since April 7, 2025, the Target Company has not made any new timely disclosures, and the share price fluctuations of the Target Company Shares are not considered to reflect any specific public announcements made by the Target Company. In view of the above, the share price of the Target Company Shares on the business day immediately prior to the announcement and the average prices over the past one month may have been temporarily affected by the reciprocal tariff announcements. Therefore, when also referencing premium rates based on April 4, 2025, the business day immediately preceding the sharp rise in share prices, the premium rates over the closing price on that day and the simple average closing prices for the past one, three, and six months as of that day were 39.23%, 32.49%, 35.48%, and 41.97%, respectively, and the premium over the simple average closing price for the past six months exceeded the median premium rate over the past six months in similar cases. Based on the above, it is believed that the Tender Offer Price includes a premium that is not inferior to those in recent comparable cases.

(D) Reasonableness of Procedures After the Tender Offer

- It is expected that it will be clearly stated in press releases and other disclosures that the minority shareholders that do not tender their shares in the Tender Offer will ultimately receive cash in the Squeeze-Out Procedures scheduled to be implemented after the Tender Offer, and that the amount of that cash will be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each of those shareholders.

- iv. With respect to matters other than those examined in items i. through iii. above, the Special Committee has not identified any particular circumstances suggesting that the Transactions, including the Tender Offer, would be detrimental to the minority shareholders of the Target Company. Accordingly, the Special Committee has concluded that it would be fair to the minority shareholders of the Target Company for the board of directors of the Target Company to decide to execute the Transactions, including expressing an opinion in support of the Tender Offer and recommending that the shareholders of the Target Company tender their shares in the Tender Offer.
- v. In light of i. through iv. above, the Special Committee supports the board of directors of the Target Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

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

(a) Name of Valuation Agency and its Relationship with the Target Company and the Tender Offeror

According to the Target Company's Press Release, as stated in "(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" above, the Special Committee appointed Plutus Consulting as an independent third-party valuation agency, independent from both the Tender Offeror Group and the Target Company

Group, and obtained the Share Valuation Report (Plutus Consulting) dated May 13, 2025. The Special Committee also obtained the Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the shareholders of the Target Company Shares (excluding the Tender Offeror and the Target Company).

Plutus Consulting is not a related party of either the Tender Offeror Group or the Target Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to Plutus Consulting does not include any incentive fee contingent upon the completion of the Transactions.

(b) Outline of Valuation of the Target Company Shares

Plutus Consulting considered various valuation methods to determine which should be applied in valuing the Target Company Shares. Based on the premise that the Target Company is a going concern and the view that it would be appropriate to conduct a multifaceted evaluation of the value of the Target Company Shares, Plutus Consulting adopted the market price method, taking into account trends in the market price of the Target Company Shares; the comparable company analysis method, as there are multiple listed companies comparable to the Target Company, making it possible to estimate the value of the Target Company Shares by comparison; and the DCF Analysis, in order to reflect the Target Company's performance and forecasts in the valuation. Using these methods, Plutus Consulting analyzed and valued the per-share value of the Target Company Shares, and the Special Committee obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion from Plutus Consulting on May 13, 2025.

The ranges of the per-share value of the Target Company Shares calculated based on each of the above methods are as follows.

Market price method: from JPY 1,845 to JPY 2,169

Comparable company analysis method: JPY 2,222 to JPY 2,961

DCF Analysis: JPY 2,097 to JPY 2,821

Under the market price method, using May 13, 2025 as the valuation reference date, Plutus Consulting calculated the per-share value range of the Target Company Shares to be from JPY 1,845 to JPY 2,169, based on the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date (JPY 2,169), the simple average of the closing prices for the previous one-month period (from April 14, 2025 to May 13, 2025) (JPY 1,990), the previous three-month period (from February 14, 2025 to May 13, 2025) (JPY 1,926), and the previous six-month period (from November 14, 2024 to May 13, 2025) (JPY 1,845).

Under the comparable company analysis method, Plutus Consulting selected Toa Road Corporation, Seikitokyu Kogyo Co., Ltd., and Nichireki Group Co, Ltd. as listed companies considered to be similar to the Target Company, and calculated the value of the Target Company Shares using EBIT and EBITDA multiples relative to enterprise value. Based on that analysis, Plutus Consulting calculated the per-share value range of the Target Company Shares to be from JPY 2,222 to JPY 2,961.

Under the DCF Analysis, Plutus Consulting analyzed the enterprise value and equity value of the Target Company by discounting, at a certain discount rate, the free cash flows the Target Company is expected to generate from the fourth quarter of the fiscal year ending March 2025 based on the Business Plan. That analysis was conducted using revenue, investment plans, publicly available information, and other

factors contained in the five-year business plan covering the fiscal year ending March 2025 through the fiscal year ending March 2030. Based on that analysis, Plutus Consulting calculated the per-share value range of the Target Company Shares to be from JPY 2,097 to JPY 2,821. The discount rate applied ranged from 7.7% to 10.8%, and in calculating the going concern value, Plutus Consulting used both the perpetual growth method and the multiple method. A perpetual growth rate of 0% was used, and the equity value was calculated using EBIT and EBITDA multiples, which were set at 8.3 times and 6.0 times, respectively.

The financial projections used as the basis for the analysis using the DCF Analysis are as follows, and while they do not include fiscal years in which significant fluctuations in profit or loss are expected, they do include fiscal years in which significant fluctuations in free cash flow are expected. Specifically, free cash flow is expected to fluctuate significantly in each fiscal year due to the following factors: an increase in working capital in the fiscal year ending March 2027; a decrease in working capital and an increase in capital expenditures in the fiscal year ending March 2028; and a decrease in capital expenditures in the fiscal year ending March 2029. In addition, except for the cost savings expected from the elimination of listing maintenance costs, the financial projections below do not reflect any synergies expected to be realized through the execution of the Transactions, as it is currently difficult to estimate them with specificity.

(Unit: million yen)

	Fiscal year ending March 2025 (three months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Net sales	42,457	167,000	169,000	172,500	177,000	180,000
Operating income	2,480	9,400	10,100	10,800	12,000	13,000
EBITDA	3,850	13,576	13,873	14,366	15,438	16,258
Free cash flow	(950)	4,823	2,749	3,997	5,752	5,686

(c) Outline of Fairness Opinion

On May 13, 2025, the Special Committee obtained the Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the shareholders of the Target Company (excluding the Tender Offeror and the Company) (Note). The Fairness Opinion expresses the view that, in light of the valuation results of the Target Company Shares based on the Business Plan, the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the general shareholders of the Target Company. Plutus Consulting issued the Fairness Opinion following valuation of the Target Company Shares after the Target Company disclosed and explained to Plutus Consulting the current status of the business of the Target Company Group, and the business forecast, etc. and after undergoing a process consisting of question-and-answer sessions with the Target Company regarding the overview, background, and purpose of the Tender Offer, analysis of the Target Company Group's business environment, and the economic, market, and financial situation to the extent it deemed necessary, and a review by an examination committee independent of the engagement team.

(Note) In preparing the Fairness Opinion, Plutus Consulting relied on materials provided by the Target Company, publicly available information, and information obtained from the Target Company, on the assumption that such information is accurate and complete.

Plutus Consulting did not independently investigate or verify the accuracy or completeness of that information and is not obligated to do so, and therefore assumes no responsibility for any deficiencies in those materials or for any failure to disclose material facts.

Plutus Consulting assumed that the Business Plan and other materials used as the basis for the Fairness Opinion were reasonably prepared based on the best forecasts and judgments available at the time of their preparation. Plutus Consulting does not guarantee the feasibility of those projections and does not express any opinion on the analyses or forecasts underlying those materials or the assumptions on which they were based.

Plutus Consulting is not a legal, accounting, or tax advisory firm. Accordingly, Plutus Consulting does not express any opinion on, and is not obligated to address, any legal, accounting, or tax matters related to the Tender Offer.

Plutus Consulting has not conducted any independent evaluation or appraisal with respect to the assets and liabilities of the Target Company and its affiliates (including off-balance-sheet assets and liabilities and other contingent liabilities), including any analysis and valuation of individual assets and liabilities, nor has it received any evaluation reports or appraisal reports concerning those matters. Accordingly, Plutus Consulting has not conducted any evaluation of the solvency of the Target Company or its affiliates.

The Fairness Opinion represents a statement of opinion from a financial point of view on the fairness of the Tender Offer Price, prepared for the purpose of assisting the Target Company in its deliberations in expressing its opinion on the Tender Offer. Accordingly, the Fairness Opinion does not express any opinion on the relative merits of the Tender Offer compared to any alternative transactions, the benefits that might result from the conduct of the Tender Offer, or whether the Tender Offer should be conducted.

The Fairness Opinion does not express any opinion to the holders of securities issued by the Target Company or the creditors or other related parties of the Target Company, and Plutus Consulting is not liable in any way to any shareholders or third parties that rely on the Fairness Opinion.

Plutus Consulting does not solicit, and is not authorized to solicit, investments in the Target Company. Accordingly, the Fairness Opinion does not constitute a recommendation to shareholders on whether to tender their shares or take any other action in connection with the Tender Offer.

The Fairness Opinion is an opinion as of the date of its submission, on whether the Tender Offer Price is fair to the general shareholders of the Target Company from a financial point of view. Based on the financial and capital markets, economic conditions, and other circumstances as of the date on which the Fairness Opinion was submitted, as well as on information provided to or obtained by Plutus Consulting by that date. Even if any of these assumptions change due to future developments, Plutus Consulting is under no obligation to revise, change or supplement its opinion.

The Fairness Opinion does not infer or imply any opinion with respect to any matter other

than as expressly set forth therein or with respect to any matter after the date of submitting of the Fairness Opinion.

(v) Advice From an Independent Law Firm Obtained by the Special Committee

According to the Target Company's Press Release, as stated in "(iii) Establishment of an Independent Special Committee by the Target Company and Obtaining a Report from the Special Committee" above, the Special Committee appointed TMI Associates as its independent legal advisor, independent from both the Tender Offeror Group and the Target Company Group, and has received legal advice from TMI Associates including advice on the measures to be taken to ensure procedural fairness in the Transactions, as well as on the methods and processes of the deliberations by the Special Committee on the Transactions.

TMI Associates is not a related party of either the Tender Offeror Group or the Target Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to TMI Associates does not include any incentive fee contingent upon the completion of the Transactions.

(vi) Advice From an Independent Law Firm Obtained by the Target Company

According to the Target Company's Press Release, as stated in "b. Background to, Details and Reasons for Decision-Making within the Target Company" in "(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy" in "1. Purposes of Tender Offer, Etc." above, the Target Company appointed Gaien Partners as its legal advisor, independent from both the Tender Offeror Group and the Target Company Group, and has received legal advice from Gaien Partners including advice on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Target Company's decision-making with respect to the Transactions.

Gaien Partners is not a related party of either the Tender Offeror Group or the Target Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

In addition, the compensation paid to Gaien Partners does not include any incentive fee contingent upon the completion of the Transactions.

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

According to the Target Company's Press Release, the Target Company established an internal framework for examining, negotiating, and making decisions regarding the Transactions from a position independent of the Tender Offeror Group other than the Target Company Group. Specifically, from the time the Target Company received an initial indication of interest regarding the Transactions from the Tender Offeror on January 9, 2025, the Target Company established a review team consisting of 17 officers and employees (Mr. Toshihiko Kasai, Mr. Koji Osada, and Mr. Minoru Kaiho, as well as 14 other employees), and since then, that review team, together with the Special Committee, has been involved in the negotiation process with the Tender Offeror regarding the terms of the Transactions and in the preparation of the Business Plan serving as the basis for the valuation of the Target Company Shares. In addition, in order to eliminate structural conflicts of

interest, the Target Company has excluded from involvement all of its officers or employees who currently serve as officers or employees of any company in the Tender Offeror Group other than the Target Company Group, including Mr. Yohei Kishi, as well as all of its officers or employees who have served in such roles within the past ten years, including Mr. Masakazu Hyodo.

The internal framework established within the Target Company for the examination of the Transactions (including the scope of officers and employees involved in the examination, negotiations, and decision-making regarding the Transactions and their respective roles) was developed based on advice from Gaien Partners, and the Special Committee approved the framework after confirming that there were no issues with respect to the independence and fairness of such internal framework.

(viii) Approval of All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Corporate Auditors of the Target Company

According to the Target Company's Press Release, as stated in "b. Background to, Details and Reasons for Decision-Making within the Target Company" in "(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy" in "1. Purposes of Tender Offer, Etc." above, the board of directors of the Target Company, based on the legal advice received from Gaien Partners, the financial advice received from Mizuho Securities, and the contents of the Share Valuation Report (Mizuho Securities), and while giving maximum deference to the conclusions of the Special Committee as set forth in the Special Committee Report, carefully discussed and considered whether the Transactions, including the Tender Offer, would contribute to the enhancement of the corporate value of the Target Company and whether the terms and conditions of the Transactions, including the Tender Offer Price, were reasonable.

As a result, as stated in "(iii) Content of Decision" in "b. Background to, Details and Reasons for Decision-Making within the Target Company" in "(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy" in "1. Purposes of Tender Offer, Etc." above, the Target Company has determined that the Transactions will contribute to enhancing its corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of the board of directors of the Target Company held today, out of the eight directors of the Target Company, all seven of the Target Company's directors, excluding Mr. Masakazu Hyodo, who participated in the deliberations and resolution unanimously resolved to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

At the meeting of the board of directors of the Target Company held today, the above resolution was adopted unanimously by all seven directors who participated in the deliberations, excluding Mr. Masakazu Hyodo. In light of the fact that Mr. Masakazu Hyodo served as Executive Officer of the Tender Offeror until March 2023, he did not participate in the deliberations or resolutions of the board of directors of the Target Company concerning the Transactions, including the meeting held today, in order to eliminate the risk of any influence from the issues of structural conflicts of interest or asymmetric information in connection with the Transactions. He has also not participated, in his capacity as a director of the Target Company, in any discussions or negotiations with the Tender

Offeror regarding the Transactions.

In addition, at the meeting of the board of directors of the Target Company held today, all four corporate auditors in attendance, excluding Mr. Yohei Kishi, stated their opinion that they had no objection to the above resolution. In light of the fact that Mr. Yohei Kishi concurrently serves as an Audit & Supervisory Board Member (part-time) of Shimizu Real Estate Asset Management Corporation, a member of the Tender Offeror Group, he did not participate in the deliberations or resolutions of the board of directors of the Target Company concerning the Transactions, including the meeting held today, in order to eliminate the risk of any influence from the issues of structural conflicts of interest or asymmetric information in connection with the Transactions. He also refrained from expressing any opinion in connection with the resolutions of those board of director meetings.

(ix) No Deal Protection Clause

Neither the Target Company nor the Tender Offeror has entered into any agreement containing deal protection provisions that would prohibit the Target Company from contacting any Competing Offeror or otherwise restrict a Competing Offeror from contacting the Target Company. By not obstructing opportunities for competing tender offers or other acquisitions, the parties have taken care to ensure the fairness of the Tender Offer.

(x) Measures to Ensure Opportunities for the Target Company's Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer

As stated in “(4) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” in “1. Purposes of Tender Offer, Etc.” above, (a) the Tender Offeror, promptly after the completion of the settlement of the Tender Offer, intends to, depending on the number of shares to be acquired through the Tender Offeror through completion of the Tender Offer, make a request for the Demand for Share Cash-Out, or request the Target Company to convene the Extraordinary Shareholders' Meeting at which proposals will be submitted to implement the Share Consolidation, and to partially amend the Articles of Incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. The Tender Offeror will not adopt any method that would deprive the shareholders of the right to demand the purchase of shares or the right to petition the court for a determination of the share price. In addition, (b) the Tender Offeror has clearly stated that in the event of the Demand for Share Cash-Out or the Share Consolidation, the amount of cash to be delivered to each shareholder of the Target Company (excluding the Tender Offeror and the Target Company) as consideration will be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by that shareholder. In this way, the Tender Offeror has taken care to ensure that the shareholders of the Target Company are provided with an opportunity to appropriately decide whether to tender their shares in the Tender Offer and that the Tender Offer will not be coercive.

The Tender Offeror has also set the tender offer period at 30 business days, although the statutory minimum period prescribed by law is 20 business days. By setting the tender offer period longer than the statutory minimum, the Tender Offeror aims to ensure that the shareholders of the Target Company are provided with an opportunity to make an appropriate decision regarding whether to tender their shares in the Tender Offer, while also allowing opportunities for parties other than the

Tender Offeror to make competing offers for the Target Company Shares, thereby ensuring the fairness of the Tender Offer Price.

c. Relationship with the Valuation Agency

Nomura Securities, financial advisor and third-party valuation agency of the Tender Offeror, is not a related party of the Tender Offeror nor the Target Company and has no material interest in relation to the Tender Offer.

(5) Number of Share Certificates, Etc. to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
21,924,514 (shares)	7,277,000 (shares)	- (shares)

(Note 1) If the total number of the Tendered Share Certificates, Etc. does not reach the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or more than the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) Since the maximum number of shares to be purchased is not set in the Tender Offer, the number of shares to be purchased indicates the maximum number of the Target Company Shares to be acquired by the Tender Offeror through the Tender Offer. The said maximum number is the number of shares (21,924,514 shares) obtained by subtracting the number of treasury shares held by the Target Company as of March 31, 2025 (3,826 shares), as stated in the Target Company's Financial Results, and the number of Target Company Shares that the Tender Offeror owns as of today (22,018,000 shares), from the total number of the outstanding shares of the Target Company as of March 31, 2025 (43,946,340 shares), as stated in the Target Company's Financial Results.

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

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

(6) Change in Ownership Ratio of Share Certificates, Etc. through Tender Offer

Number of Voting Rights Represented by Share Certificates, Etc. Owned by Tender Offeror prior to Tender Offer	220,180 units	(Ownership Ratio of Share Certificates, Etc. prior to Tender Offer 50.11%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Specially Related Parties prior to Tender Offer	0 units	(Ownership Ratio of Share Certificates, Etc. prior to Tender Offer 0.00%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Tender Offeror after Tender Offer	439,425 units	(Ownership Ratio of Share Certificates, Etc. after Tender Offer 100.00%)
Number of Voting Rights Represented by Share Certificates, Etc. Owned by Specially Related Parties after Tender Offer	0 units	(Ownership Ratio of Share Certificates, Etc. after Tender Offer 0.00 %)
Number of Voting Rights of All Shareholders, Etc. of Target Company	438,801 units	

(Note 1) The “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Tender Offeror prior to Tender Offer” indicates the number of voting rights (220,180 units) represented by the number of share certificates, etc. owned by the Tender Offeror as of today (22,018,000 shares).

(Note 2) The “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Specially Related Parties prior to Tender Offer” indicates the total number of the voting rights represented by the share certificates, etc. owned by each of the specially related parties (excluding those among the specially related parties to be excluded, pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, Etc. by Persons Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the “**Ordinance**”), from the specially related parties in calculating the ownership ratio of share certificates, etc. pursuant to each of the Items of Article 27-2, Paragraph 1 of the Act). Since the share certificates, etc. owned by specially related parties (excluding treasury shares owned by the Target Company) will also be subject to purchase through the Tender Offer, the “Number of Voting Rights Represented by Share Certificates, Etc. Owned by Specially Related Parties after Tender Offer” is indicated as 0 units. In addition, the Tender Offeror plans to check the status of the share certificates, etc. of the Target Company owned by the specially related parties going forward and, if corrections are necessary, disclose the corrected figures.

(Note 3) The “Number of Voting Rights of All Shareholders, Etc. of Target Company” represents the number of voting rights of all shareholders of the Target Company as of September 30, 2024, as described in the Semi-Annual Securities Report for the 120th fiscal year, which was filed by the Target Company on November 6, 2024 (with the number of shares of one unit being 100). However, as shares less than one unit will also be subject to the Tender Offer, the “Ownership Ratio of Share Certificates, Etc. prior to Tender Offer” and “Ownership Ratio of Share Certificates, Etc. after Tender Offer” are calculated using as the denominator the number of voting rights (439,425 units) represented by the number of shares (43,942,514 shares), which is obtained by subtracting the number of treasury shares owned by the Target Company as of March 31, 2025 (3,826 shares) from the total number of the outstanding shares of the Target Company as of the same date (43,946,340 shares), both as stated in the Target Company’s Financial Results.

(Note 4) The “Ownership Ratio of Share Certificates, Etc. prior to Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after Tender Offer” are rounded to the second decimal place.

(7) Purchase Price JPY 55,249,775,280

(Note) The “**purchase price**” is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (21,924,514 shares) by the Tender Offer Price (JPY 2,520).

(8) Method of Settlement

a. Name and Location of the Head Office of the Financial Instruments Business Operator, or Bank, Etc. that Settles the Purchase, Etc.

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

b. Commencement Date of Settlement

July 2, 2025 (Wednesday)

c. Method of Settlement

After the end of the Tender Offer Period, without delay, a notice of purchase through the Tender Offer will be mailed to the address of the shareholders who have accepted the application for purchase of the share certificates, etc. or have applied for the sale of the share certificates, etc. with respect to the Tender Offer (the “**Tendering Shareholders**”) (or the standing proxy in the case of shareholders (including corporate shareholders, etc.) residing outside Japan and do not hold active accounts with the Tender Offer Agent).

The purchase will be made in cash. The Tendering Shareholders may receive the purchase price for the Tender Offer without delay after the commencement date of the settlement by a method that they designate such as remittance to a bank account (remittance fees may be charged).

d. Method of Returning Share Certificates, Etc.

If none of the Tendered Share Certificates, Etc. are to be purchased in accordance with the conditions described in “a. Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and Details Thereof” and “b. Conditions of Withdrawal, Etc. of Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc.” in “(9) Other Conditions and Methods of the Purchase, Etc.” below, promptly after the date that is two business days after the last day of the Tender Offer Period (in the case of withdrawal, etc. of the Tender Offer, the business day following the date on which the Tender Offer was withdrawn), the Tender Offeror will return the share certificates, etc. to be returned by restoring the state of the record of the share certificates, etc. in the Tendering Shareholders’ account managed by the Tender Offer Agent to the original state immediately prior to the relevant tender (if the Tendering Shareholders wish to have their share certificates, etc. transferred to their accounts established with other financial instrument firms, etc., they are asked to confirm with the head office or a domestic branch office of the Tender Offer Agent at which the relevant tender was accepted).

(9) Other Conditions and Methods of the Purchase, Etc.

a. Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and Details Thereof

If the total number of the Tendered Share Certificates, Etc. does not reach the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will not purchase any of the Tendered Share

Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or more than the minimum number of shares to be purchased (7,277,000 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

b. Conditions of Withdrawal, Etc. of Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc.

If any event listed in Article 14, Paragraph 1, Items 1 (a) through 1 (j) and Items 1 (m) through 1 (s), Items 3 (a) through 3 (h) and 3 (j), and Article 14, Paragraph 2, Items 3 through 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the “**Enforcement Order**”) occurs, the Tender Offer may be withdrawn. In the Tender Offer, the “facts equivalent to those listed in Items 3 (a) through 3 (i)” set out in Article 14, Paragraph 1, Item 3 (j) of the Enforcement Order refer to (i) the case where any of the statutory disclosure documents filed by the Target Company in the past is found to contain a false statement of a material fact or omit a statement of a material fact that should have been stated, and the Tender Offeror did not know of such false statement or omission, and could not have known of it despite exercising due care, or (ii) the case where any of the facts listed in Article 14, Paragraph 1, Items 3 (a) through 3 (g) of the Enforcement Order occurs with respect to an important subsidiary of the Target Company. In the event that the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give public notice by electronic means and make an announcement to that effect in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Ordinance and subsequently give public notice immediately.

c. Conditions to Reduce Tender Offer Price, Details Thereof and Method of Disclosure of Reduction

In accordance with Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company conducts any of the actions set forth in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offer Price may be reduced pursuant to the standards set forth in Article 19, Paragraph 1 of the Ordinance. In the event that the Tender Offeror intends to reduce the Tender Offer Price, the Tender Offeror will give public notice by electronic means and make an announcement to that effect in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Ordinance and subsequently give public notice immediately. If the Tender Offer Price is reduced, the Tendered Share Certificates, Etc. that were tendered on or before the date of the public notice will also be purchased at the reduced Tender Offer Price.

d. Matters Concerning Tendering Shareholders’ Rights to Cancel Their Agreements

The Tendering Shareholders may cancel their agreements with respect to the Tender Offer at any time during the Tender Offer Period. If the Tendering Shareholders intend to cancel the agreement, the Tendering Shareholders can deliver or mail a document stating their intention to cancel the agreement with respect to the Tender Offer (the “**Cancellation Document**”) to the head office or any domestic branch office of the entity designated below that accepted the tender application by no later than 3:30 p.m. on the last day of the Tender Offer Period. In the case of mail, the cancellation is conditional on the Cancellation Document reaching the recipient by no later than 3:30 p.m. on the last day of the Tender Offer Period.

In order to cancel an agreement with respect to the Tender Offer that was applied through the online service, the Tendering Shareholders can cancel the agreement via the online service (<https://hometrade.nomura.co.jp/>) or by delivering or mailing the Cancellation Document. In the case of cancellation via the online service, the Tendering Shareholders must complete the cancellation procedure

no later than 3:30 p.m. on the last day of the Tender Offer Period, following the instructions shown on the relevant screens. An agreement with respect to the Tender Offer that was applied at the head office or a branch office of the Tender Offer Agent cannot be cancelled via the online service. In the case of delivery or mail of the Cancellation Document, the Tendering Shareholders must request a form of the Cancellation Document from the relevant office in advance and deliver or mail it to the relevant office no later than 3:30 p.m. on the last day of the Tender Offer Period. In the case of mail, the cancellation is conditional on the Cancellation Document reaching the recipient by no later than 3:30 p.m. on the last day of the Tender Offer Period.

Entity authorized to receive the Cancellation Document:

Nomura Securities Co., Ltd.

13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo (and domestic branch offices of Nomura Securities Co., Ltd.)

The Tender Offeror will not make any claim for damages or penalties against the Tendering Shareholders in the case of a cancellation of their agreement. In addition, the Tender Offeror will bear the cost of returning the Tendered Share Certificates, Etc. to the Tendering Shareholders. In the event of a request for cancellation, the Tendered Share Certificates, Etc. will be returned promptly after the completion of the procedures for the request for cancellation in the manner set forth in “d. Method of Returning Share Certificates, Etc.” in “(8) Method of Settlement” above.

e. Method of Disclosure in Case of Change in the Purchase Conditions of Tender Offer

The Tender Offeror may change the purchase conditions of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act and Article 13, Paragraph 2 of the Enforcement Order. If the Tender Offeror intends to change the purchase conditions, it will give public notice by electronic means regarding the details of the change and make an announcement to that effect in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Ordinance and subsequently give public notice immediately. If the purchase conditions have been changed, the Tendered Share Certificates, Etc. that were tendered on or before the date of the public notice will also be purchased based on the changed purchase conditions.

f. Method of Disclosure in Case of Filing of Amendment to Registration Statement

If the Tender Offeror files an amendment to the Tender Offer Registration Statement with the Director-General of the Kanto Local Finance Bureau (except in circumstances provided for under the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of the amendment statement relating to the content of the public notice of the commencement of the Tender Offer by the method stipulated in Article 20 of the Ordinance. The Tender Offeror will also immediately amend the Tender Offer Explanatory Statement and deliver the amended Tender Offer Explanatory Statement to the Tendering Shareholders to whom the Tender Offer Explanatory Statement has already been delivered. However, if the scope of the amendment is limited, the amendment may be made by preparing a document stating the reason for the amendment, the matters that were amended, and the particulars after the amendment and delivering the document to the Tendering Shareholders.

g. Method of Disclosure of Results of Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period using the method stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the Ordinance.

h. Other Information

The Tender Offer is not, nor will it be, conducted, directly or indirectly, in or for any person in the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No shares can be tendered in the Tender Offer by any means or instruments above, or through any facilities above, or from the U.S. In addition, the Tender Offer Registration Statement and any related purchase documents cannot and will not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

When tendering shares in the Tender Offer, the Tendering Shareholders (or standing proxies in the case of non-Japanese shareholders, etc.) may be required to provide the Tender Offer Agent with the following representations and warranties: (i) The Tendering Shareholders are not located in the U.S. at the time of applying for the Tender Offer or at the time of sending an application form for the Tender Offer. (ii) The Tendering Shareholders have not, directly or indirectly, received or sent any information (including its copies) related to the Tender Offer in, to, or from the U.S. (iii) The Tendering Shareholders did not use, directly or indirectly, in connection with the tendering of shares or the signature and submission of the application form for the Tender Offer, the U.S. postal mail services or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication) or any facilities of a securities exchange in the U.S. (iv) The Tendering Shareholders are not acting as an agent, trustee or delegate without discretion of another person (except where such other person provides the Tendering Shareholders with all instructions relating to the purchase from outside the U.S.).

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

May 15, 2025 (Thursday)

(11) Tender Offer Agent

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

3. Policies After the Tender Offer and Future Outlook

Please see “(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy,” “(4) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” and “(5) Possibility of Delisting and Reasons Therefor” in “1. Purposes of Tender Offer, Etc.” above.

4. Other Information

(1) Agreements between the Tender Offeror and the Target Company and/or its Officers, and Details Thereof

a. Support for Tender Offer

According to the Target Company’s Press Release, the Target Company resolved at the meeting of its board of directors held today to express an opinion in support of the Tender Offer and recommend its shareholders to tender their shares in the Tender Offer. For details, please see the Target Company’s Press Release and “(viii) Approval of All Disinterested Directors of the Target Company and Opinion of No Objection from All Disinterested Corporate Auditors of the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price

and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” above.

b. Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy

Please see “(2) Background, Purpose, and Decision-Making Process for the Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy” in “1. Purposes of Tender Offer, Etc.” above.

c. Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Please see “(Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “b. Background of Valuation” in “(4) Basis for Valuation of Tender Offer Price” in “2. Outline of Purchase, Etc.” above.

(2) Other Information Deemed Necessary for Investors to Determine Whether to Tender Their Shares in the Tender Offer

a. Release of “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)”

The Target Company has released the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)” as of today. The outline based on the announcement is as follows. Please note that an audit by an auditing firm pursuant to Article 193-2, Paragraph 1 of the Act has not been conducted on the details of the announcement. The following outline of the announcement is an excerpt from the announcement made by the Target Company, and the Tender Offeror has not independently verified its accuracy or truthfulness. For details, please see the announcement.

(i) Profit and Loss Status (Consolidated)

Fiscal Year	Ended March 2025 (from April 1, 2024 to March 31, 2025)
Net sales	JPY 164,294 million
Operating income	JPY 9,895 million
Ordinary income	JPY 10,134 million
Profit attributable to owners of parent	JPY 6,324 million

(ii) Status Per-share (Consolidated)

Fiscal Year	Ended March 2025 (from April 1, 2024 to March 31, 2025)
Basic earnings per share	JPY 143.92
Amount of dividends per share	JPY 60
Amount of net assets per share	JPY 2,379.79

End