



January 7, 2026

To whom it may concern:

Company name: Sumitomo Densetsu Co., Ltd.
Name of representative: Makoto Tani, President, Director
(Securities code: 1949; TSE Prime Market)
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Notice of Convocation of Extraordinary Shareholders Meeting Concerning Share Consolidation, Abolition of the Provisions of Share Units and Partial Amendment to the Articles of Incorporation

Sumitomo Densetsu Co., Ltd. (the "Company") hereby announces that, at its board of directors meeting held today (the "Board of Directors Meeting"), the Company resolved to convene the extraordinary shareholders meeting to be held on February 9, 2026 (the "Extraordinary Shareholders Meeting"), and to submit proposals to the Extraordinary Shareholders Meeting concerning share consolidation, abolition of the provisions of share units and partial amendment to the articles of incorporation, as detailed below.

The common shares of the Company (the "Company Shares") fall under the delisting standards provided in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") in the course of the procedures above. Thereby, after the Company Shares are designated as delisted shares during the period from February 9, 2026 to March 2, 2026, the Company Shares are scheduled to be delisted as of March 3, 2026. Please take note that the Company Shares may not be traded on the Prime Market of the Tokyo Stock Exchange after delisting.

I. Date and Time and Place of the Extraordinary Shareholders Meeting

1. Date and Time

February 9, 2026 (Monday) 10:00 a.m.,

2. Place

Meeting Room on the 10th floor of the Company (Osaka Head Office), 2-1-4 Awaza, Nishi-ku, Osaka-shi, Osaka

II. Agenda of the Extraordinary Shareholders Meeting

Matters to be resolved:

Proposal 1: Share Consolidation

Proposal 2: Partial Amendment to the Articles of Incorporation

III. Share Consolidation

1. Purpose of and Reasons for Share Consolidation

As announced by the Company in "Notice Concerning Opinion in Favor of Tender Offer for the Company Shares, etc. by Daiwa House Industry Co., Ltd. and Recommendation to Tender" on October 30, 2025 (the "Opinion Press Release"), Daiwa House Industry Co., Ltd. (the "Tender Offeror") conducted a tender offer for the Company Shares (the "Tender Offer") with

the purchase period in the Tender Offer, etc. of 30 business days from October 31, 2025 to December 15, 2025 (the "Tender Offer Period") as part of the transaction that aims to acquire all of the Company Shares listed on the Prime Market of the Tokyo Stock Exchange. (excluding the treasury shares owned by the Company and the Non-Tendered Shares (defined below)) and ultimately make the Company a wholly owned subsidiary (together with the execution of the Business Alliance Agreement (defined below), the "Transaction").

As described in the Opinion Press Release, according to the Tender Offeror, at the time of the Tender Offer, the Tender Offeror entered into an agreement regarding non-tendering of shares dated October 30, 2025 (the "Non-Tender Agreement") and an agreement concerning conversion into a wholly-owned subsidiary (together with the Non-Tender Agreement, collectively, the "Transaction-Related Agreements") with Sumitomo Electric Industries, Ltd., the parent company of the Company (which owns 17,828,151 shares, representing an ownership ratio (Note 1) of 50.66%; "Sumitomo Electric Industries"). Under these agreements, Sumitomo Electric Industries has agreed (i) not to tender any of the Company Shares it owns (the "Non-Tendered Shares") in the Tender Offer, and (ii) as described in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below, to sell the Non-Tendered Shares to the Company in response to the acquisition of treasury shares to be conducted by the Company after the procedures to make the Tender Offeror and Sumitomo Electric Industries the sole shareholders of the Company (the "Squeeze-Out Procedures") take effect following the completion of the Tender Offer (the "Share Buy Back"), at a price per share prior to the Share Consolidation (defined below) pertaining to the Share Buy Back (the "Share Buy Back Price"). In addition, on October 30, 2025, the Tender Offeror entered into a business alliance agreement with Sumitomo Electric Industries and the Company that sets forth matters such as collaboration (the "Business Alliance Agreement").

(Note 1) "Ownership ratio" means the percentage (rounded to two decimal places, hereinafter the same with respect to the calculation of ownership ratios) obtained by dividing the number of shares held by a shareholder by the number of shares (35,190,831 shares; the "Reference Number of Shares") calculated by deducting the number of treasury shares held by the Company as of September 30, 2025 (445,048 shares) from the total number of issued shares as of that date (35,635,879 shares), as stated in the "Financial Results for the Second Quarter Ended March 31, 2026 (Japanese GAAP) (Consolidated)" (the "Company Second Quarter Financial Summary") announced by the Company on October 30, 2025.

As described in the Opinion Press Release, according to the Tender Offeror, in connection with the Transaction, it is expected the Tender Offeror will ultimately make the Company its wholly owned subsidiary through (a) the Tender Offer, (b) if the Tender Offer is completed but the Tender Offeror is unable to acquire all of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares) through the Tender Offer, the Share Consolidation of the Company Shares to be conducted under Article 180 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") (the "Share Consolidation") to make the Tender Offeror and Sumitomo Electric Industries the sole shareholders of the Company and thereby take the Company private, and, after the Share Consolidation becomes effective, (iii) the provision of funds from the Tender Offeror to the Company (the "Funding"), which is expected to be implemented through a capital increase by way of third-party allotment of non-voting class shares with the Tender Offeror as the subscriber, for the purpose of securing funds to be used for the Share Buy Back and securing a sufficient distributable amount for the execution of the Share Buy Back, as well as the reduction of the amount of stated capital and capital reserve of the Company under Article 447, paragraph (1) and Article 448, paragraph (1) of the Companies Act (the "Capital Reduction" (Note 2)), and (iv) the execution of the Share Buy Back by the Company subject to the completion of the Tender Offer and the Share Consolidation taking effect.

(Note 2) In the Capital Reduction, the Company plans to reduce the amounts of its stated capital and capital reserve and transfer those amounts to other capital surplus.

As described in "Notice Regarding the Results of the Tender Offer for the Company Shares by Daiwa House Industry Co., Ltd. and Changes in Major Shareholders and Other Affiliates" announced by the Company on December 16, 2025, as a result

of the Tender Offer, the Tender Offeror has come to own 14,389,928 shares of the Company Shares (representing an ownership ratio of 40.89%) as of December 22, 2025, which is the date of commencement of the settlement of the Tender Offer.

While the details of the purpose and background of the Transaction are as announced in the Opinion Press Release, the Company provides a summary thereof again below. Please note that the descriptions regarding the Tender Offeror in the following descriptions are based on explanations received from the Tender Offeror.

(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework

As described in the Opinion Press Release, on May 28, 2025, during a meeting between the Tender Offeror, Sumitomo Electric Industries and the Company, the Company received an explanation from the Tender Offeror, together with Sumitomo Electric Industries, expressing their desire to commence earnest discussions regarding the Transaction. Subsequently, on June 30, 2025, the Company received an initial letter of intent from the Tender Offeror. During this period, while intermittent discussions were held between the Company and Sumitomo Electric Industries, no concrete negotiations took place, and no discussions were held between the Company and the Tender Offeror.

Following receipt of the initial letter of intent, the Company confirmed that Sumitomo Electric Industries also intends to proceed with concrete consideration of the proposal from the Tender Offeror, and Sumitomo Electric Industries has commenced concrete consideration of selling the Company Shares, but discussions among the Tender Offeror, Sumitomo Electric Industries and the Company had not been sufficiently conducted. In order to carefully consider such a proposal, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and third-party appraiser independent of the Company, the Tender Offeror, and Sumitomo Electric Industries (collectively, the "Tender Offeror-Related Parties") as well as the success or failure of the Transaction in early July 2025 and appointed Anderson Mori & Tomotsune ("Anderson Mori & Tomotsune") as a legal advisor independent of the Tender Offeror-Related Parties as well as the success or failure of the Transaction.

Although the Tender Offer does not constitute a tender offer by a controlling shareholder, since (A) the Transaction are based on the acquisition of the Company Shares held by Sumitomo Electric Industries, the parent company and largest shareholder of the Company (including through the acquisition of treasury shares by the Company), and the Company, the Tender Offeror and Sumitomo Electric Industries plan to enter into the Business Alliance Agreement, and therefore, the interests of Sumitomo Electric Industries, the parent company and largest shareholder of the Company, which holds 17,828,151 shares (ownership ratio: 50.66%), and the minority shareholders of the Company may not necessarily align, (B) the Tender Offer is being conducted as part of the Transaction, which is premised on making the Company a wholly-owned subsidiary, and (C) three directors of the Company (Mr. Makoto Tani, Mr. Tetsunari Shimada, and Mr. Kenichi Shimada) are former employees of Sumitomo Electric Industries, it cannot be said that there are no potential conflicts of interest or information asymmetry issues with minority shareholders in the process of considering the Transaction at the Company. In light of this, based on the advice of Anderson Mori & Tomotsune, the Company has initiated the establishment of a framework to review, negotiate and make decisions on the Transaction independent of all Tender Offer-Related Parties and the success or failure of the Transaction from the perspective of enhancing the corporate value of the Company Group and securing the interests of the Company's minority shareholders.

Specifically, as described in "(i) Background of Establishment of the Committee" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below, pursuant to a resolution adopted at the Company's board of directors meeting held on July 22, 2025, the Company established a special committee (the "Special Committee"). The Special Committee consists of four members: Mr. Rikiya Hattori (Independent Outside Director of the Company, Outside Director of Shiga Bank, Ltd.), Mr. Hideyuki Takahashi (Independent Outside Director of the Company, Secretary General of the Japan Joint Securities Foundation), Mr. Hirofumi Yasuhara (Independent Outside Director of the Company, Outside Auditor of Sumitomo Rubber Industries, Ltd.,

Outside Auditor of Kanadevia Corporation), and Mr. Takuma Usui (Independent Outside Auditor of the Company, Attorney at Law, Partner at Tanabe and Partners) (Mr. Rikiya Hattori, an independent outside director of the Company, has been appointed as chairman of the Special Committee by mutual election among the committee members of this Special Committee). The Special Committee is independent of both the Tender Offer-Related Parties and the success or failure of the Transaction. The Company inquired to the Special Committee regarding (a) whether the purpose of the Transaction is reasonable (including whether the Transaction contributes to the enhancement of the corporate value of the Company), (b) whether the fairness and reasonableness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) are ensured, (c) whether the fairness of the procedures related to the Transaction is ensured, (d) whether, considering (a) through (c) above, the decision by the Company's board of directors to proceed with the Transaction is not considered disadvantageous to the Company's minority shareholders, and (e) the pros and cons of the Company's Board of Directors expressing its opinion in favor of the Tender Offer and recommending that the Company's shareholders tender their shares in the Tender Offer (collectively, the "Consultation Matters"). For details on the establishment of this Special Committee, the deliberation process, and the recommendations(s) reached, please refer to "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below.

As described in "(ii) Background of Examination" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below, the Company confirmed with the Special Committee that there were no issues regarding the independence and expertise of Nomura Securities, the Company's financial advisor and third-party appraiser, and Anderson Mori & Tomotsune, the Company's legal advisor, and obtained the Special Committee's approval for their appointment. Furthermore, as described in "(ii) Background of Examination" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below, based on the authorities granted to the Special Committee, on September 17, 2025, the Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") as its own financial advisor and independent third-party appraiser.

Furthermore, as described in "(VI) Establishment of an independent Examination Framework at the Company" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below, the Company has established a system within the Company to conduct review, negotiations, and decisions regarding the Transaction from a position independent of the Tender Offeror and Sumitomo Electric Industries, and obtained the Special Committee's approval that there were no issues regarding the independence and fairness of the Company's review system (including the scope of the Company's officers and employees involved in reviewing, negotiating, and making decisions regarding the Transaction, as well as their respective duties).

(ii) Background to the review and negotiations and determinations

After establishing the review system described in (i) above, the Company carefully examined the merits and demerits of the Transaction, including the purchase price in the Tender Offer, etc. (the "Tender Offer Price"), based on Nomura Securities' report on the valuation results of the Company Shares and advice regarding the negotiation policy with the Tender Offeror, and Anderson Mori & Tomotsune's legal advice regarding actions to ensure fairness of the procedures in the Transaction, based on the negotiation policy and opinions, instructions and requests regarding important aspects of the negotiation that were confirmed by the Special Committee in advance. First, the Company accepted due diligence by the Tender Offeror from late July 2025 to early September 2025, in order to have the Tender Offeror present measures to enhance the Company's corporate value and transaction terms and conditions, including the Tender Offer Price, after the Tender Offeror conducted

further analysis and review of the Company's business and financial condition, among other things.

Subsequently, on September 12, 2025, the Company received from the Tender Offer the final letter of intent including a proposal to set the Tender Offer Price at 8,287 yen (representing a premium of 22.95% on JPY 6,740, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on September 11, 2025, the business day immediately preceding the proposal date, a premium of 20.82% on JPY 6,859, which is the simple average closing price of the Company Shares for the one-month period immediately preceding the base date, a premium of 25.54% on JPY 6,601, which is the simple average closing price during the past three-month period immediately preceding the base date, and a premium of 39.21% on JPY 5,953, the simple average closing price during the past six-month period immediately preceding the base date) and the Share Buy Back Price at 5,860 yen on the assumption that the Company will not pay an interim dividend and a year-end dividend for the fiscal year ending March 31, 2026. In response, on September 22, 2025, the Special Committee requested the Tender Offeror to consider increasing the Tender Offer Price since the Special Committee assessed that the price was not sufficient from the perspective of protecting the interests of minority shareholders of the Company, and to reconsider doing so on the assumption of paying an interim dividend for the fiscal year ending March 2026, given that the Transaction are scheduled to be announced after the Company's record date for the interim dividend for the fiscal year ending March 31, 2026. Subsequently, on September 25, 2025, the Company received from the Tender Offeror a second proposal to set the Tender Offer Price at 8,287 yen (representing a premium of 29.08% on JPY 6,420, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on September 24, 2025, the business day immediately preceding the proposal date, a premium of 24.39% on JPY 6,662, which is the simple average closing price for the one-month period immediately preceding the base date, a premium of 24.45% on JPY 6,659, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 36.75% on JPY 6,060, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at 5,860 yen on the assumption that the Company makes an interim dividend for the fiscal year ending March 31, 2026. In response, on September 29, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price because the Special Committee assessed that the price did not continue to sufficiently consider the interests of the Company's minority shareholders in light of the intrinsic value derived from the aggregate share value of the Company Shares. Consequently, the Special Committee requested a further increase in the Tender Offer Price. Subsequently, on October 1, 2025, the Company received a proposal from the Tender Offeror to increase the Tender Offer Price to JPY 8,847 (representing a premium of 37.80% on JPY 6,420, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 1, 2025, the proposal date, a 35.03% premium on JPY 6,552, which is the simple average closing price for the past one-month period immediately preceding the base date, a 32.44% premium on JPY 6,680, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 44.42% on JPY 6,126, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,247 yen. In response, on October 7, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price taking into account the intrinsic value and the synergies generated from the Transaction since the Special Committee assessed that the intrinsic value derived from the aggregate share value of the Company Shares has not yet been sufficiently assessed. Subsequently, on October 10, 2025, the Company received a forth proposal from the Tender Offeror to increase the Tender Offer Price to JPY 8,929 (representing a premium of 29.22% on JPY 6,910, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 9, 2025, the business day immediately preceding the proposal date, a 35.14% premium on JPY 6,607, which is the simple average closing price for the past one-month period immediately preceding the base date, a 33.01% premium on JPY 6,713, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 43.14% on JPY 6,238, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,304 yen. In response, on October 15, 2025, the Special Committee conveyed to the Tender Offer that the Company's performance from April 1, 2025 to September 30, 2025 (interim consolidated accounting period) was expected to significantly exceed the most recently disclosed consolidated earnings forecast for the second quarter (interim period) of the fiscal year ending March 31,

2026 and that an upward revision to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2026 might be necessary, and requested the Tender Offeror to further increase the Tender Offer Price in order to obtain continued support from as many minority shareholders as possible, taking into account the medium-to long-term synergies generated from the Transaction and the fact that the Company is currently performing extremely well at a level that may require an upward revision of the consolidated earnings forecast. Subsequently, the Company received a fifth proposal from the Tender Offeror to set the Tender Offer Price at JPY 9,283 (representing a premium of 35.92% on JPY 6,830, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 17, 2025, the business day immediately preceding the proposal date, a 39.93% premium on JPY 6,634, which is the simple average closing price for the past one-month period immediately preceding the base date, a 37.89% premium on JPY 6,732, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 46.56% on JPY 6,334, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,552 on the assumption that the Company makes an interim dividend for the fiscal year ending March 31, 2026, as prices that are comprehensively determined taking into account the possibility of an upward revision of the Company's earnings forecasts after examining potential synergy effects associated with the Tender Offer and that sufficiently consider the interests of the Company's general shareholders. In response, on October 21, 2025, the Special Committee requested the Tender Offeror to further increase the Tender Offer Price in order to obtain broad understanding and support from as many minority shareholders as possible, since it is an important judgment standard for the Special Committee that the interests of the Company's minority shareholders will be maximized even though no active market check has been conducted, and that the probability of the Transaction being consummated is sufficiently recognized considering the possibility of a countervailing tender offer by a third party other than the Tender Offeror, while the Special Committee understands that the fifth Tender Offer Price was proposed based on the perspective of ensuring the legitimate interests to be enjoyed by the Company's minority shareholders and that it is a price that assesses to a certain extent the intrinsic value derived from the aggregate share value of the Company Shares. Subsequently, on October 24, 2025, the Company received a sixth proposal from the Tender Offeror to set the Tender Offer Price at JPY 9,760 (representing a premium of 35.74% on JPY 7,190, which is the closing price of the Company Shares on the TSE Prime Market of the Tokyo Stock Exchange on October 23, 2025, the business day immediately preceding the proposal date, a 44.98% premium on JPY 6,732, which is the simple average closing price for the past one-month period immediately preceding the base date, a 44.40% premium on JPY 6,759, which is the simple average closing price for the past three-month period immediately preceding the base date, and a premium of 52.38% on JPY 6,405, which is the simple average closing price for the past six-month period immediately preceding the base date) and the Share Buy Back Price at JPY 6,877. Subsequently, on October 27, 2025, the Special Committee replied that it would accept the proposal to set the Tender Offer Price at JPY 9,760 as a result of continuing careful consideration from the perspective of protecting the interests of the Company's minority shareholders.

Furthermore, considering that the Company received a proposal for conclusion of a business alliance agreement among the Tender Offeror, the Company and Sumitomo Electric Industries in the initial letter of intent from the Tender Offeror, and recognizing that the continuation of our existing collaborative relationship with Sumitomo Electric Industries after the Transaction is an important consideration for the implementation of the Transaction from the perspective of maintaining and enhancing the corporate value of the Company, the Company conducted specific discussions regarding the business alliance with the Tender Offeror and Sumitomo Electric Industries from early September 2025 through late October 2025, in addition to the management structure and business policies following the Transaction, in parallel with the negotiations on the Tender Offer Price with the Tender Offeror mentioned above. As a result, we have entered into the Business Alliance Agreement on October 30, 2025 with the aim of maintaining and continuing the existing collaborative relationship between the Company and Sumitomo Electric Industries, and to develop the business alliance relationship among the Company, Sumitomo Electric Industries, and the Tender Offeror, thereby promoting the enhancement of the corporate value of the Company. For details of the Business Alliance Agreement, please refer to "(3) Business Alliance Agreement" under "4. Matters concerning Material Agreements regarding the Tender Offer" in the Opinion Press Release.

During this review process, the Special Committee conducted multiple interviews with Sumitomo Electric Industries from late August 2025 to late September 2025 to review the possibility of options other than the Transaction, including maintaining the listing of the Company, in order to maintain and enhance the corporate value of the Company. Through these interviews, the Special Committee confirmed the background leading to Sumitomo Electric Industries' initiation of review of the Transaction and its holding policy regarding the Company Shares held by Sumitomo Electric Industries. During these interviews, Sumitomo Electric Industries indicated that (i) given recent developments in regulations and rules concerning listed companies with parent-subsidary relationships, it does not intend to maintain the current capital relationship between the Company and Sumitomo Electric Industries to resolve the structural conflict of interest between the parent company and minority shareholders of the listed subsidiaries, (ii) although it considered making the Company a wholly-owned subsidiary, since there are concerns that potential dyssynergies would become apparent due to a decrease in transactions in projects for electric power companies and “separation of materials and engineering” (Note 3), and we considered that it would be difficult to establish appropriate group governance considering the corporate culture of the Company as a “construction company” while the Sumitomo Electric Industries Group (comprising Sumitomo Electric Industries, its subsidiaries, and affiliates) is also compelled to respond to rapid changes in its global business environment, and making the Company a wholly-owned subsidiary would require the realization of additional synergies, the likelihood of achieving synergies that would enhance the corporate value of the Company is considered low, and the option of Sumitomo Electric Industries making the Company a wholly-owned subsidiary is not viable, and (iii) while it also considered the option of selling only a portion of the Company Shares held by it to maintain the listing of the Company Shares while dissolving the parent-subsidary relationship, it could not identify any strategic significance in maintaining a minority stake in the Company. Therefore, we have been informed that it intends to sell all of its Company Shares using methods that allow for the sale of all of its Company Shares. Based on such intention of Sumitomo Electric Industries, the Company and the Special Committee also reviewed the appropriateness of the Company acquiring the Company Shares held by Sumitomo Electric Industries as treasury shares while maintaining the listing of the Company. However, we confirmed that, if such acquisition of treasury shares were implemented, there was a risk of deterioration of financial conditions in a short term due to deterioration of cash flow, etc., and that if such acquisition of treasury shares were implemented while the Company remained listed, it would not be possible to obtain sufficient evaluation from capital market in a short term, which would result in a decline in the share price of the Company and adversely affect the shareholders of the Company, and that Sumitomo Electric Industries could not accept such acquisition of treasury shares. Accordingly, it reached the conclusion that it would be difficult to acquire treasury shares and then maintain the listing.

(Note 3) It refers to the separation of construction materials and construction work. It is said that by separating the ordering of construction materials and construction work, it is possible to make costs transparent and perform high-quality construction at low prices.

On that basis, as described above, the Company and the Special Committee received an explanation from Sumitomo Electric Industries that it intends to transfer the Company Shares to an external partner that can contribute to further enhancing the corporate value cultivated by the Company Group, and that, as a result of reviewing the sale of the Company Shares following multiple proposals made by companies other than the Tender Offeror, we determined the Transaction by the Tender Offeror would contribute to further enhancing the corporate value of the Company Group in light of the status of business activities of the Tender Offeror, the global business environment, the background and intent of the proposals, future prospects and other factors and decided to hold discussions and negotiations with the Tender Offeror, and accordingly proceeded to consider whether or not to conduct the Transaction by the Tender Offeror, taking the dissolution of the capital relationship between the Company and Sumitomo Electric Industries as a given.

In the course of the discussions and negotiations with the Tender Offeror and Sumitomo Electric Industries described above, Nomura Securities, the Company's financial advisor, has responded in accordance with the discussion and negotiation policy deliberated and determined by the Special Committee. Furthermore, whenever Nomura Securities received a proposal regarding the Tender Offer Price from the Tender Offeror, Nomura Securities promptly reported to the Special Committee

and responded in accordance with its instructions.

As of October 30, 2025, the Company received an advisory report (the "Advisory Report") from the Special Committee to the effect that the decision to implement the Transaction will not be detrimental to the Company's minority shareholders (for an overview of the Advisory Report, please see "(iii) Determinations" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below).

In light of this background, the Company carefully examined and discussed at its board of directors meeting held on October 30, 2025 whether the Transaction, including the Tender Offer, would contribute to enhancing the Company Group's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, based on the advice from Nomura Securities and Anderson Mori & Tomotsune, the contents of the share valuation report pertaining to the share value of the Company Shares obtained from Nomura Securities on October 29, 2025 (the "Share Valuation Report (Nomura Securities)"), and the contents of the share valuation report pertaining to the share value of the Company Shares (the "Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities)") and a fairness opinion (the "Fairness Opinion") obtained by the Special Committee from Mitsubishi UFJ Morgan Stanley Securities on October 29, 2025 while respecting to the maximum extent the contents of the determinations of the Special Committee presented in the Advisory Report.

As a result, after comprehensively considering the following perspectives, the Company reached the conclusion that the Transaction will contribute not only to the maintenance but also to the further improvement and development of the corporate value of the Company Group, while mitigating the potential disadvantages arising from the dissolution of the capital relationship between the Company and Sumitomo Electric Industries and the delisting. The Company further concluded that the Transaction are the best possible means available given the dissolution of the capital relationship between the Company and Sumitomo Electric Industries.

First, the Company examined the following concerns regarding the implementation of the Transaction: (a) Sumitomo Electric Industries and the Company maintain significant collaborative relationships, business relations, sales support, personnel exchanges, and technical exchanges (collectively referred to as the "Collaborative Relationships"). If the capital relationship between the Company and Sumitomo Electric Industries is dissolved and the Company ceases to be a member of Sumitomo Electric Industries Group, and the existing Collaborative Relationships between Sumitomo Electric Industries and the Company are not maintained or continued, there would be an adverse effect on the business operations and corporate value of the Company; (b) if the Company becomes a member of the Tender Offeror Group, the Company would be compelled to prioritize the projects of the Tender Offeror Group, and as a result, the Company will lose opportunities to receive orders from existing customers such as general contractors outside the Tender Offeror Group, and consequently, there is a risk that the Company would be unable to maintain the construction technology that it has developed through diverse projects across various fields; (c) the Company will cease to be a listed company, and will no longer be able to use the trade name bearing the "Sumitomo" name and need to change its name since it will cease to be a member of Sumitomo Electric Industries Group. This could impact the name recognition, social credibility, and ability to secure talent that the Company has enjoyed as a listed company. It could also affect the motivation of those within the Company Group who aspire to work for a listed company or who take pride in the Company's trade name and brand; and (d) the delisting of the Company may result in disadvantages such as the loss of opportunities to raise funds through equity financing in the capital markets.

With respect to (a) above, in the Business Alliance Agreement executed on October 30, 2025 between the Company, the Tender Offeror, and Sumitomo Electric Industries, the parties agreed to maintain the Collaborative Relationships between the Company and Sumitomo Electric Industries in the same manner as before the implementation of the Transaction for the purpose of developing the business alliance relationship between the Company, Sumitomo Electric Industries, and the Tender Offeror, including the consideration of new collaborations, after the Transaction. Therefore, the Company believes that the

existing Collaborative Relationships between the Company and Sumitomo Electric Industries will be maintained and continued after the Transaction through the Business Alliance Agreement.

With respect to (b) above, the Tender Offeror Group is a conglomerate of comprehensive developers, construction companies, and housing manufacturers and thus act both as a project owner and contractor in the course of business. The Tender Offeror Group maintains good relationships with general contractors outside the Tender Offeror Group. Through interviews with the Tender Offeror, in order to maintain the project management methodologies and high profitability the Company has cultivated to date, the Company confirmed that (1) the Tender Offeror will respect the independence of the Company and preserve the Company's managerial autonomy, (2) decisions on whether to accept projects will remain within the Company's discretion, (3) orders from the Tender Offeror Group will be subject to close consultation from the planning stage, and (4) the Tender Offeror believes that by proactively maintaining and expanding business with customers outside the Tender Offeror Group, including existing customers, the construction technology of the Company will be maintained and enhanced, thereby contributing to the improvement in the corporate value of the Tender Offeror Group as a whole. Therefore, the Company believes that the impact of such concerns will be limited.

With respect to (c) above, the Company confirmed that although the Tender Offeror Group does not conduct group-wide hiring and that recruitment is handled on a company-by-company basis, the Tender Offeror Group enjoys strong nationwide name recognition, brand strength and corresponding recruitment power, and has built up sufficient credibility over many years as a listed company. The Company also confirmed that the Tender Offeror is considering various forms of auxiliary support to help development since securing technical personnel is indispensable and critical to the Company's growth. Therefore, the Company believes that the Company's concerns can be mitigated.

With respect to (d) above, considering the Company's current financial condition and the recent low-interest rate environment in indirect financing, there is little need for equity financing through the capital market for the time being, and the Company has plans for fund support from the Tender Offeror as needed, in addition to indirect financing mainly from current main financing banks. Therefore, the Company believes that the impact of such concerns will be limited.

In addition, the benefits of the Transaction, which the Company believes will contribute to further improvement in the Company's corporate value by making the Company a member of the Tender Offeror Group, are as follows.

- (i) Acquisition of Tender Offeror Group development contracts and accumulation of construction track record and technical know-how

The Tender Offeror Group undertakes numerous developments in growth areas such as data centers and semiconductor plants. By winning contracts for projects carried out by the Tender Offeror Group, the Company will be able to expand its business, gain trust of data center operators and other clients, and, through the accumulation of the Company's construction track record and know-how, expect to increase orders from companies outside the Tender Offeror Group.

Furthermore, the Company believes that deepening collaboration through client sharing with the Tender Offeror Group, including the Tender Offeror and its subsidiary Fujita, will expand orders for both the Tender Offeror Group and the Company Group, and thereby enhance the corporate value of both groups.

- (ii) Business growth and stability through orders for projects undertaken by the Tender Offeror Group

Given that the Tender Offeror Group is a conglomerate of comprehensive developers and construction companies that undertakes numerous projects, the Company believes that the Company's business and financial performance will grow by securing stable contracts from the Tender Offeror Group, contributing to the enhancement of the corporate value of the Tender Offeror Group as a whole. Moreover, this will increase the stability of the Company's business and financial performance even if the current supply-demand imbalance where construction demand exceeds construction capacity reverses, or in the event of economic downturn.

- (iii) Acquisition of overseas projects primarily in Southeast Asia

Outside Japan, the Company has established local subsidiaries in seven countries (Indonesia, Thailand, Malaysia, the Philippines, Vietnam, China, and Cambodia) and has built a track record and earned trust of customers, including

non-Japanese customers, by reliably executing contracted projects. In this context, the Company believes that sharing customers with the Tender Offeror Group in the countries and regions where the Company already operates will enable the Company Group to expand its order intake and thereby contribute to the enhancement of the corporate value of both groups.

From the points described in "(e) Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment and Appropriateness of Such Amount" under "(II) Treatment of Fractional Shares of Less Than One Share and Amount of Money Expected to be Delivered to Shareholders Resulting from Such Treatment and Appropriateness of Such Amount" under "(1) Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" below, the Company determined that the Tender Offer Price is reasonable and provides the Company's shareholders with a reasonable opportunity to sell their shares.

Based on the foregoing, the Company concluded that the Transaction would contribute to the enhancement of the corporate value of the Company Group, the Tender Offer Price is a reasonable price which ensures the interests to be enjoyed by the Company's shareholders, and that the Tender Offer provides the Company's shareholders with a reasonable opportunity to sell their shares, and thereupon, resolved at the Company's board of directors meeting held on October 30, 2025 to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender in the Tender Offer.

For details of the above-mentioned resolution of the board of directors, see "(VII) Approval by All Disinterested Directors of the Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation".

Although the Tender Offer was subsequently completed as described above, the Tender Offeror was unable to acquire all of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares) through the Tender Offeror. Therefore, upon request from the Tender Offeror, in order to ensure that the Company's shareholders are solely the Tender Offeror and Sumitomo Electric Industries as announced in the Opinion Press Release, the Company resolved to the effect that it shall convene the Extraordinary Shareholders Meeting and submit to the Extraordinary Shareholders Meeting a proposal for the Share Consolidation. As a result of the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror and Sumitomo Electric Industries will be a fraction of less than one share.

2. Summary of Share Consolidation

(1) Schedule of Share Consolidation

Date of public notice of record date for Extraordinary Shareholders Meeting	November 28, 2025 (Friday)
Record date for Extraordinary Shareholders Meeting	December 23, 2025 (Tuesday)
Date of resolution of Board of Directors Meeting	January 7, 2026 (Wednesday)
Date of Extraordinary Shareholders Meeting	February 9, 2026 (Monday) (scheduled)
Date of designation as delisted stock	February 9, 2026 (Monday) (scheduled)
Last trading date of Company Shares	March 2, 2026 (Monday) (scheduled)
Date of delisting of Company Shares	March 3, 2026 (Tuesday) (scheduled)
Effective date of Share Consolidation	March 5, 2026 (Thursday) (scheduled)

(2) Details of Share Consolidation

(I) Class of Shares to be Consolidated

Common shares

(II) Ratio of Consolidation

On March 5, 2026 (scheduled), 1,048,714 Company Shares held by shareholders listed or recorded in the final shareholder register as of March 4, 2026 (scheduled) will be consolidated into one Company Share.

(III) Total Number of Issued Shares to be Decreased

35,188,951 shares (Note 4)

(Note 4) The Company has resolved, at the Board of Directors Meeting, to cancel 446,895 shares of its treasury shares (equivalent to all treasury shares held by the Company as of December 23, 2025) as of March 4, 2026. Therefore, the "Total Number of Issued Shares to be Decreased" is described on the premise of the total number of issued shares after such cancellation. The cancellation of treasury shares is subject to the approval of the proposal regarding the Share Consolidation at the Extraordinary Shareholders Meeting.

(IV) Total Number of Issued Shares Prior to the Effective Date

35,188,984 shares (Note 5)

(Note 5) The Company has resolved, at the Board of Directors Meeting, to cancel 446,895 shares of its treasury shares (equivalent to all treasury shares held by the Company as of December 23, 2025) as of March 4, 2026. Therefore, the "Total Number of Issued Shares Prior to the Effective Date" reflects the total number of issued shares after such cancellation. The cancellation of treasury shares is subject to the approval of the proposal regarding the Share Consolidation at the Extraordinary Shareholders Meeting.

(V) Total Number of Issued Shares After the Effective Date

33 shares

(VI) Total Number of Authorized Shares on the Effective Date

132 shares

(VII) Treatment of Fractional Shares of Less Than One Share and Amount of Money Expected to be Delivered to Shareholders Resulting from Such Treatment

As described in "1. Purpose of and Reasons for Share Consolidation" above, as a result of the Share Consolidation, the number of the Company Shares held by the shareholders other than the Tender Offeror and Sumitomo Electric Industries will become fractional shares of less than one share.

With respect to any fractional shares of less than one share resulting from the Share Consolidation, the Company will sell the number of the Company Shares equivalent to the total number of those fractional shares (rounding down any fraction of less than one share in the total number pursuant to Article 235, Paragraph 1 of the Companies Act) in accordance with the procedures prescribed in Article 235 of the Companies Act and other applicable laws and regulations and deliver the proceeds from such sale to each shareholder of the Company that holds those fractional shares corresponding to those fractions.

With respect to such sale, the Company believes that it is unlikely that a purchaser will appear through the auction since the Company Shares will be delisted as of March 3, 2026 and will become shares without a market price and that the Share Consolidation will be conducted as part of the Transaction aiming at ultimately making the Tender Offeror the sole shareholder of the Company and it is consistent for the Tender Offeror to be the purchaser of the fractional shares. Therefore, the Company plans to sell the Company Shares equivalent to the total number of those fractional shares with the court's permission pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act.

In such case, if the court's permission mentioned above is obtained as scheduled, the Company plans to set the sale price at the level such that the amount to be delivered to the shareholders shall be equivalent to the amount obtained by multiplying the number of the Company Shares held by each shareholder listed or recorded on the final shareholder register of the Company as of March 4, 2026, the day immediately preceding the effective date of the Share Consolidation, by the Tender Offer Price of JPY 9,760. However, the actual amount to be delivered may differ from the above amount in cases where the court's permission cannot be obtained or where fractions need to be adjusted for calculation purposes.

3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation

(1) Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment

(I) Matters Considered to Ensure that Interests of Shareholders Other Than Parent Company Are Not Impaired When Parent Company Exists

The Share Consolidation will be conducted as part of the Transaction as the second step of the so-called two-step acquisition after the Tender Offer. As of October 30, 2025, when the Tender Offeror decided to implement the Tender Offer, the Tender Offeror did not own any shares of the Company Shares, and the Tender Offer does not constitute a tender offer by the controlling shareholder. In addition, it is not contemplated that all or some of the management executives of the Company will directly or indirectly provide funds to the Tender Offeror and the Transaction including the Tender Offer, hence, does not constitute a management buyout (MBO) (Note 6).

Nevertheless, considering that (i) the Tender Offeror and Sumitomo Electric Industries, the Company's parent company and largest shareholder, plan to enter into the Transaction-Related Agreements that prescribes that Sumitomo Electric Industries will not tender the Non-Tendered Shares it owns in the Tender Offer, the Tender Offeror and Sumitomo Electric Industries will exercise their voting rights in favor of the proposals to be submitted to the shareholders' meeting of the Company that is necessary for the implementation of the Share Consolidation, and Sumitomo Electric Industries will sell the Non-Tendered Shares in connection with the Treasury Share Acquisition, and that the interests of Sumitomo Electric Industries, the Company's parent company and largest shareholder holding 17,828,151 shares (shareholding ratio: 50.66%) of the Company Shares may not necessarily align with those of the Company's minority shareholders given that the Tender Offeror, the Company and Sumitomo Electric Industries plan to enter into the Business Alliance Agreement, (ii) the Tender Offer is to be implemented as part of the Transaction, which is premised on making the Company a wholly owned subsidiary, and (iii) three of the Company's directors (Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada) are former employees of Sumitomo Electric Industries, the Tender Offeror and the Company have implemented the measures described in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" below from the perspective of ensuring the fairness of the Transaction, eliminating arbitrariness in the decision-making process regarding the Transaction, ensuring the fairness, transparency and objectivity of the Company's decision-making, and avoiding any suspicion of conflict of interest.

(Note 6) "Management buyout (MBO)" means a transaction in which the Tender Offeror conducts a tender offer based on an agreement with the officers of the Company and shares a common interest with the officers of the Company.

As of October 30, 2025, Sumitomo Electric Industries holds 17,828,151 shares (shareholding ratio: 50.66%) of the Company Shares. The Tender Offeror considers that setting a minimum number of shares to be purchased in the Tender Offer corresponding to the so-called Majority of Minority could make the success of the Tender Offer uncertain and might, conversely, not serve the interests of the Company's minority shareholders who wish to sell their shares through the Tender Offer. Therefore, the Tender Offeror has not established a minimum number of shares to be purchased in the Tender Offer corresponding to the Majority of Minority. Nevertheless, given that the Tender Offeror and the Company have implemented the measures described in "(3) Measures to Ensure the Fairness of the

Transaction and Measures to Avoid Conflicts of Interest" below, the Tender Offeror believes that sufficient consideration has been given to the interests of the Company's minority shareholders.

(II) Treatment of Fractional Shares of Less Than One Share and Amount of Money Expected to be Delivered to Shareholders Resulting from Such Treatment and Appropriateness of Such Amount

(a) Whether Treatment is to be Implemented under Article 235, Paragraph 1 of the Companies Act or under Article 234, Paragraph 2 of the Same Act, As Applied Mutatis Mutandis Pursuant to Article 235, Paragraph 2 of the Same Act, and Reasons Therefor

As described in "1. Purpose of and Reasons for Share Consolidation" above, as a result of the Share Consolidation, the number of the Company Shares held by the shareholders other than the Tender Offeror and Sumitomo Electric Industries will become fractional shares of less than one share.

With respect to any fractional shares of less than one share resulting from the Share Consolidation, the Company will sell the number of the Company Shares equivalent to the total number of those fractional shares in accordance with the procedures prescribed in Article 235 of the Companies Act and other applicable laws and regulations and deliver the proceeds from such sale to each shareholder of the Company that holds those fractional shares corresponding to those fractions.

With respect to such sale, the Company believes that it is unlikely that a purchaser will appear through the auction since the Company Shares will be delisted as of March 3, 2026 and will become shares without a market price and that the Share Consolidation will be conducted as part of the Transaction aiming at ultimately making the Tender Offeror the sole shareholder of the Company and it is consistent for the Tender Offeror to be the purchaser of the fractional shares. Therefore, the Company plans to sell the Company Shares equivalent to the total number of those fractional shares with the court's permission pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act.

In such case, if the court's permission mentioned above is obtained as scheduled, the Company plans to set the sale price at the level such that the amount to be delivered to the shareholders shall be equivalent to the amount obtained by multiplying the number of the Company Shares held by each shareholder listed or recorded on the final shareholder register of the Company as of March 4, 2026, the day immediately preceding the effective date of the Share Consolidation, by the Tender Offer Price of JPY 9,760. However, the actual amount to be delivered may differ from the above amount in cases where the court's permission cannot be obtained or where fractions need to be adjusted for calculation purposes.

(b) Name of Prospective Purchaser of Shares to be Sold

Daiwa House Industry Co., Ltd. (Tender Offeror)

(c) Method by which Prospective Purchaser Will Secure Funds to Pay Purchase Price and Appropriateness of Such Method

According to the Tender Offeror, the Tender Offeror plans to finance the acquisition of the Company Shares equivalent to the total number of the fractional shares resulting from the Share Consolidation through a loan from Mizuho Bank, Ltd. ("Mizuho Bank," and that loan, the "Bank Loan"). The Company has confirmed the Tender Offeror's method for securing funds by reviewing the Tender Offer Registration Statement pertaining to the Tender Offer submitted by the Tender Offeror on October 31, 2025 and the loan certificate for the Bank Loan issued by Mizuho Bank attached thereto. In addition, according to the Tender Offeror, no event has occurred that could impede the payment of the purchase price of the Company Shares equivalent to the total number of the fractional shares of less than one share resulting from the Share Consolidation, nor is the Tender Offeror aware of the possibility of any such event in the future.

Therefore, the Company determined that the Tender Offeror's method for securing funds to pay the purchase price of the Company Shares equivalent to the total number of the fractional shares of less than one share is

appropriate.

(d) Estimated Timing for Sale and Delivery of Proceeds to Shareholders

After the Share Consolidation becomes effective, the Company plans to file a petition in the court around April 2026 for permission to sell to the Tender Offeror the Company Shares equivalent to the total number of the fractional shares of less than one share resulting from the Share Consolidation pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act. Although the timing for obtaining such permission may vary depending on the status of the court and other factors, the Company expects to sell the Company Shares to the Tender Offeror around May 2026 with the court's permission, and after making the necessary preparations for delivering the proceeds to the shareholders, deliver the proceeds to the shareholders around early June to mid-June 2026.

The Company determined that, considering the period required for a series of procedures for the sale from the effective date of the Share Consolidation, the sale of the Company Shares equivalent to the total number of the fractional shares of less than one share resulting from the Share Consolidation will be conducted and the proceeds will be delivered to the shareholders at each respective time as described above.

(e) Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment and Appropriateness of Such Amount

With respect to the Share Consolidation, as described in "(a) Whether Treatment is to be Implemented under Article 235, Paragraph 1 of the Companies Act or under Article 234, Paragraph 2 of the Same Act, As Applied Mutatis Mutandis Pursuant to Article 235, Paragraph 2 of the Same Act, and Reasons Therefor" above, the Company plans to deliver to the shareholders an amount of money equivalent to the amount obtained by multiplying the number of the Company Shares held by each shareholder listed or recorded on the final shareholder register of the Company as of March 4, 2026, the day immediately preceding the effective date of the Share Consolidation, by the Tender Offer Price of JPY 9,760.

As described in the Opinion Press Release, the Company determined that the Tender Offer Price (JPY 9,760) is reasonable and provides the Company's shareholders with a reasonable opportunity to sell their shares for the following reasons:

- (A) The Tender Offer Price is above the range of the valuation results of the value of the Company Shares produced by Nomura Securities using the average market share price method, the comparable company method and the discounted cash flow method ("DCF method") as set forth in "(ii) Overview of Valuation" under "(III) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" below. The value per share obtained by dividing the total share value of the Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares), by the Reference Number of Shares is above the range of the valuation results by the average market share price method and the comparable company method and also above the median of the range of the valuation results by the DCF method in the Share Valuation Report (Nomura Securities).
- (B) The Tender Offer Price is above the range of the valuation results of the value of the Company Shares produced by Mitsubishi UFJ Morgan Stanley Securities using the average market share price method, the comparable company method and the DCF method as set forth in "(ii) Overview of Valuation" under "(IV) Procurement by the Special Committee of a Share Valuation Report and Fairness Opinion from an

Independent Financial Advisor and Third-Party Appraiser" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" below. The value per share obtained by dividing the total share value of the Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares), by the Reference Number of Shares is above the range of the valuation results by the average market share price method and also above the median of the range of the valuation results by the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities). The Special Committee obtained the Fairness Opinion, from Mitsubishi UFJ Morgan Stanley Securities, stating that the Tender Offer Price of JPY 9,760 is deemed fair to the Company's shareholders from a financial perspective.

- (C) The Tender Offer Price represents a premium of 28.08% on JPY 7,620, which is the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, which is the business day immediately preceding the date of announcement of the Tender Offer, a premium of 41.16% on JPY 6,914, which is the simple average closing price for the most recent one month up to that date, a premium of 43.45% on JPY 6,804, which is the simple average closing price for the most recent three months up to that date, and a premium of 50.83% on JPY 6,471, which is the simple average closing price for the most recent six months up to that date. Although these premiums are above the median of the simple average closing price for the most recent six months up to the business day immediately preceding the date of announcement and lower than the average or median for other periods as compared to the premium levels (Note 8) observed in comparable transactions (Note 7) (specifically 126 cases), the deviation from the average and median of the simple average closing price for the most recent one month, most recent three months and most recent six months up to the business day immediately preceding the date of announcement is not large. Moreover, since premium levels for individual transaction fluctuate for a variety of reasons and reliance solely on a simple comparison with such comparable transactions is not necessarily appropriate for assessing reasonableness, the Company considers these premiums not to be unreasonable.

(Note 7) It refers to cases of tender offer aimed at taking domestic listed companies (excluding investment corporations) private that were announced on or after January 1, 2023 and for which the settlement commencement date had arrived by October 29, 2025 (excluding cases in which (i) the target company was a consolidated subsidiary or an affiliate of the tender offeror prior to the commencement of the tender offer; (ii) the tender offer was a competing bid; (iii) at the time of the tender offer announcement, the target company's board of directors had not resolved to recommend acceptance of the tender offer; (iv) the tender offer was a two-step tender offer; (v) the tender offer was implemented as a tender offer without consent; or (vi) the premium was negative for all of the following periods: the business day immediately preceding the announcement, the one-month simple average up to that date, the three-month simple average up to that date, and the six-month simple average up to that date).

(Note 8) The mean and median of the premium levels are 55.52% and 44.56% relative to the closing price on the business day immediately preceding the announcement for comparable transactions (for cases where speculative reports had been published, relative to the business day immediately preceding such reports), 56.79% and 47.83% relative to the simple average closing price for the past one-month period up to that date, 58.76% and 47.57% relative to the simple average closing price for the past three-month period up to that date, and 59.07% and 50.07% relative to the simple average closing price for the past six-month period up to that date.

- (D) The Tender Offer Price was determined following sincere and continuous discussions and negotiations between the Company and the Tender Offeror, after measures to ensure fairness and avoid conflicts of interest as described in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" were sufficiently implemented and consideration was given to the interests of the Company's minority shareholders.
- (E) The Special Committee, having deliberated and examined reports received from time to time from the Company, Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities, expressed its views on the terms of the Tender Offer and the matters to be negotiated with the Tender Offeror in order to achieve the significance and objectives of the Transaction for the Company, and by directly sending written communications to the Tender Offeror, substantially participated in the negotiation process regarding the terms of the Transaction, including the Tender Offer Price. As described in "(iii) Determinations" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest," the Special Committee has expressed the judgment in the Advisory Report that the fairness and appropriateness of the terms of the Transaction, including the Tender Offer Price, are deemed to be ensured.

The Company resolved, at its board of director's meeting held on October 30, 2025, to express an opinion in favor of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer. The Company confirmed that no material changes have occurred in the terms and conditions on which the Company's determination of the Tender Offer Price was based, up to the point when the Board of Directors resolved to convene the Extraordinary Shareholders Meeting.

Based on the above, the Company has determined that the amount of money expected to be delivered to the shareholders as a result of fractional share treatment resulting from the Share Consolidation is appropriate.

(III) Disposition of Significant Assets, Assumption of Major Obligations, or any Other Event that Materially Affect the Status of Company Assets Occurring After the End of the Most Recent Fiscal Year

(a) Tender Offer

As described in "1. Purpose of and Reasons for Share Consolidation" above, the Tender Offeror conducted the Tender Offer during the Tender Offer Period from October 31, 2025 to December 15, 2025, and as a result, owned 14,389,928 shares (shareholding ratio: 40.89%) of the Company Shares as of December 22, 2025, the date of commencement of the settlement of the Tender Offer.

(b) No Distribution of Surplus

As announced in the "Notice of Revision to Annual Dividend Forecasts for the Fiscal Year Ending March 31, 2026 (No Dividend)" dated October 30, 2025, the Company resolved not to pay any annual dividend for the fiscal year ending March 2026. For details, please refer to the content of the publication.

(c) Cancellation of Treasury Shares

The Company resolved, at the Board of Directors Meeting, to cancel 446,895 shares of its treasury shares (equivalent to all treasury shares held by the Company as of December 23, 2025) as of March 4, 2026. The cancellation of treasury shares is subject to the approval of the proposal on the Share Consolidation at the Extraordinary Shareholders Meeting. The total number of issued shares of the Company after the cancellation (before the implementation of the Share Consolidation) will be 35,188,984 shares.

(2) Possibility of Delisting

(I) Delisting

As described in "1. Purpose of and Reasons for Share Consolidation" above, subject to the condition that the proposal on the Share Consolidation is approved as proposed at the Extraordinary Shareholders Meeting, the Company will implement the Share Consolidation to make the Tender Offeror and Sumitomo Electric Industries the sole shareholders of the Company, and as a result, the Company Shares will be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange.

The Company Shares will be designated as a stock to be delisted from February 9, 2026 to March 2, 2026 and then delisted as of March 3, 2026. After the delisting, the Company Shares may not be traded on the Prime Market of the Tokyo Stock Exchange.

(II) Reason for Delisting

As described in "1. Purpose of and Reasons for Share Consolidation" above, the Tender Offeror determined that it would contribute to enhancing the corporate value of the Company Group if the Tender Offeror made the Company a wholly owned subsidiary through the Transaction, including the Tender Offer.

(III) Impact on Minority Shareholders and Views Thereon

As described in "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" of "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" below, the Company received the Advisory Report from the Special Committee as of October 30, 2025 to the effect that the decision to implement the Transaction is not disadvantageous to the minority shareholders of the Company.

(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest

Considering that (i) the interests of Sumitomo Electric Industries, the Company's parent company and largest shareholder holding 17,828,151 shares (shareholding ratio: 50.66%) of the Company Shares, may not necessarily align with those of the Company's minority shareholders given that the Tender Offeror and Sumitomo Electric Industries, the Company's parent company and largest shareholder, plan to enter into the Transaction-Related Agreements that prescribes that Sumitomo Electric Industries will not tender the Non-Tendered Shares it owns in the Tender Offer, the Tender Offeror and Sumitomo Electric Industries will exercise their voting rights in favor of the proposals to be submitted to the shareholders' meeting of the Company that is necessary for the implementation of the Share Consolidation, and Sumitomo Electric Industries will sell the Non-Tendered Shares in connection with the Share Buy Back, and that the Tender Offeror, the Company and Sumitomo Electric Industries plan to enter into the Business Alliance Agreement, (ii) the Tender Offer is to be implemented as part of the Transaction, which is premised on making the Company a wholly owned subsidiary, and (iii) three of the Company's directors (Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada) are former employees of Sumitomo Electric Industries, the Tender Offeror and the Company have implemented the following measures from the perspective of ensuring the fairness of the Transaction, eliminating arbitrariness in the decision-making process regarding the Transaction, ensuring the fairness, transparency and objectivity of the Company's decision-making, and avoiding any suspicion of conflict of interest.

As of October 30, 2025, Sumitomo Electric Industries holds 17,828,151 shares (shareholding ratio: 50.66%) of the Company Shares. The Tender Offeror considers that setting a minimum number of shares to be purchased in the Tender Offer corresponding to the so-called "Majority of Minority" could make the success of the Tender Offer uncertain and might, conversely, not serve the interests of the Company's minority shareholders who wish to sell their shares through the Tender Offer. Therefore, the Tender Offeror has not established a minimum number of shares to be purchased in the Tender Offer corresponding to the Majority of Minority. Nevertheless, given that the Tender Offeror and the Company have implemented the measures described below, the Tender Offeror believes that sufficient consideration has been given to the interests of the Company's minority shareholders.

The descriptions below regarding the measures taken by the Tender Offeror are based on the explanations provided by the Tender Offeror.

(I) Procurement by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Appraiser

According to the Tender Offeror, the Tender Offeror requested Mizuho Securities, a financial advisor and third-party appraiser independent of the Tender Offer-Related Parties, to calculate the value of the Company Shares, in determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, and received the share valuation report pertaining to the share value of the Company Shares (the "Share Valuation Report (Mizuho Securities)") on October 29, 2025.

Mizuho Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction. Mizuho Bank, a group company of Mizuho Securities, is a shareholder of the Tender Offeror, and as part of its ordinary banking business, provides loan facilities to the Tender Offeror and Sumitomo Electric Industries and is expected to provide financing related to the Tender Offeror's purchase funds. Mizuho Trust & Banking Co., Ltd., a group company of Mizuho Securities ("Mizuho Trust Bank"), also provides loan facilities to the Tender Offeror as part of its ordinary banking business, but it has no material interest that would give rise to a conflict of interest with the Tender Offer-Related Parties in connection with the Transaction. According to Mizuho Securities, Mizuho Securities has established and implemented an appropriate conflict-of-interest management framework between Mizuho Securities and Mizuho Bank as well as between Mizuho Securities and Mizuho Trust Bank in accordance with Article 36 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), and conducts its valuation independently of Mizuho Bank's position as a shareholder and lender and of Mizuho Trust Bank's position as a lender. The Tender Offeror selected Mizuho Securities as an independent third-party appraiser after confirming that appropriate measures to prevent conflict of interest between Mizuho Securities and Mizuho Bank as well as between Mizuho Securities and Mizuho Trust Bank have been implemented, that Mizuho Securities conducts transactions with the Tender Offeror on the same commercial terms as with ordinary customers, thereby ensuring Mizuho Securities' independence as a third-party appraiser, and that Mizuho Securities has a track record of serving as a third-party appraiser in similar cases.

According to the Tender Offeror, Mizuho Securities, after reviewing the Company's financial condition and trends in the market price of the Company Shares, determined that the value of the Company Shares should be evaluated from multiple perspectives. After examining the valuation method to adopt from multiple share valuation methods, Mizuho Securities used the market price standard method, the comparable company method and the DCF method to calculate the value of the Company Shares. According to Mizuho Securities, the range of the value per share of the Company Shares calculated under each of the above methods is as follows:

Market price standard method	From JPY 6,471 to JPY 7,620
Comparable company method	From JPY 5,393 to JPY 6,867
DCF method	From JPY 6,612 to JPY 8,692

Under the market price standard method, with October 29, 2025, which is the business day immediately preceding the date of announcement of the Tender Offer, being set as the reference date, the value per share of the Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

Under the comparable company method, the value per share of the Company Shares is calculated to range from JPY 5,393 to JPY 6,867, by calculating the value of the Company Shares through comparison to share prices and financial indicators showing profitability of listed companies engaging in business relatively similar to that of the Company.

Under the DCF method, based on various assumptions including the Business Plan (for the period from the fiscal year ending March 2026 to the fiscal year ending March 2029; as defined in "(ii) Overview of Valuation" under "(III)

Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser" below; hereinafter the same), the trend of financial performance to date, the results of the due diligence conducted by the Tender Offeror on the Company from late July 2025 to early September 2025 as well as publicly disclosed information, the corporate value and share value of the Company were calculated by discounting the free cash flow expected to be generated by the Company from the fiscal year ending March 2026 back to the present value using a certain discount rate, and the value per share of the Company Shares is calculated to range from JPY 6,612 to JPY 8,692. In addition, the synergy effects expected to be realized through the Tender Offer are not reflected since it is difficult to specifically estimate their impact on revenue, excluding cost reductions such as those related to maintaining a listing, at this point.

The Tender Offeror, in addition to the valuation results set out in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, considered the results of the due diligence it conducted on the Company, movements in the market price of the Company Shares, whether the Company's board of directors and the Special Committee would support the Tender Offer, and the prospects for the Company's shareholders to tender their shares in the Tender Offer, and ultimately determined to set the value per share of the Company Shares at JPY 9,760 on October 30, 2025.

The Tender Offeror obtained from the Company and Sumitomo Electric Industries the information necessary to calculate the amount of the deemed dividends under the Corporation Tax Act that would arise if Sumitomo Electric Industries were to participate in the Share Buy Back, and reviewed the Tender Offer Price and the Share Buy Back Price. As of October 30, 2025, from the perspective of maximizing the Tender Offer Price while ensuring fairness among shareholders, and considering the fact that Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed in the Corporation Tax Act, the Tender Offeror calculated the Tender Offer Price and the Share Buy Back Price so that (i) the after-tax proceeds that Sumitomo Electric Industries will receive from the Share Buy Back would be equivalent to (ii) the after-tax proceeds it would have received if it had tendered its Company Shares in the Tender Offer, thereby sharing the tax benefit which gives rise to Sumitomo Electric Industries with other minority shareholders. As a result, the Tender Offeror decided to set the Tender Offer Price at JPY 9,760 per share and the Share Buy Back Price at JPY 6,877 per share.

The Tender Offer Price of JPY 9,760 represents a premium of 28.08% on JPY 7,620, which is the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on October 29, 2025, which is the business day immediately preceding the date of announcement of the Tender Offer, a premium of 41.16% on JPY 6,914, which is the simple average closing price for the past one-month period up to that date, a premium of 43.45% on JPY 6,804, which is the simple average closing price for the past three-month period up to that date, and a premium of 50.83% on JPY 6,471, which is the simple average closing price for the past six-month period up to that date.

(Note) In calculating the share value of the Company Shares, Mizuho Securities generally relied on the information provided by the Company and publicly available information, assuming that such materials and information are all accurate and complete, and that there are no undisclosed facts that could materially affect the analysis and calculation of the Tender Offer Price. Mizuho Securities did not independently verify their accuracy and completeness. Furthermore, Mizuho Securities assumed that the Company's financial forecasts were reasonably prepared by the Company's management based on the best forecasts and judgments available at the time of calculation and that the Tender Offeror's management reviewed the content and approved its use in the valuation conducted by Mizuho Securities. Mizuho Securities did not conduct any independent valuation or assessment of the Company's and its affiliate's assets or liabilities (including off-balance sheet assets and liabilities and other contingent liabilities), nor did it request a third party to conduct an appraisal or assessment. The calculation by Mizuho Securities reflects above information available to Mizuho Securities up until October 29, 2025.

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

(i) Background of Establishment of the Committee

Prior to the Company's board of directors deliberating and voting on whether or not to proceed with the Transaction, in

order to eliminate the arbitrariness of the decision-making for the Transaction at the Company, which is a listed company, and to establish the fairness, transparency, and objectivity of the decision-making process of the Company, by resolution of the board of directors meeting held on July 22, 2025, the Company established the Special Committee consisting of four members, namely, Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, and Mr. Hirofumi Yasuhara (Company's independent outside directors) and Mr. Takuma Usui (Company's independent outside audit & supervisory board member). The Company appointed these four persons as members of the Special Committee from the beginning of its establishment so that the composition of the Special Committee as a whole would ensure a balance of knowledge, experience and ability, and the Company has not changed the members of the Special Committee. Further, in selecting the members of the Special Committee, the Company has confirmed that Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, Mr. Hirofumi Yasuhara and Mr. Takuma Usui do not have any material interests in any of the Tender Offeror-Related Parties. In addition, Mr. Rikiya Hattori, an independent outside director of the Company, has been appointed as the chair of the Special Committee by mutual election of the members of the Special Committee.

The compensation of the members of the Special Committee is a fixed amount and does not include a performance fee that are contingent upon the announcement or consummation of the Transaction, including the Tender Offer.

In addition, as stated in "(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework" under "1. Purpose of and Reasons for Share Consolidation," the Company requested the Special Committee to consult on the Consultation Matters. Furthermore, the Company's board of directors has resolved to grant the following authorities to the Special Committee: (i) the authority to substantially participate in the negotiation process, and, as necessary, conduct negotiations directly by itself, regarding the terms and conditions of the Transaction and other matters by confirming the policy in advance, receiving reports on the status of the negotiation in a timely manner, expressing opinions, and providing instructions and making requests; (ii) the authority to appoint its own financial advisors, third-party appraisers and legal advisors and to seek their advice at the expense of the Company when the Special Committee deems it necessary; (iii) the authority to approve (including ex-post facto approval) the financial advisors, third-party appraisers and legal advisors appointed by the Company; (iv) the authority to seek professional advice from the financial advisors, third-party appraisers and legal advisors appointed by the Company; and (v) the authority to receive information necessary for the consideration and judgment of the Transaction from the Company's officers and employees (including the authority to request the attendance of persons deemed necessary by the Special Committee at the meetings of the Special Committee and to request explanations about necessary information). In addition, in consulting with the Special Committee, the decision-making of the Company's board of directors regarding the Transaction shall be made with the utmost respect for the judgment of the Special Committee, and if the Special Committee determines that the purpose of the Transaction is not reasonable or the terms and conditions of the Transaction are not appropriate, the Company's board of directors has resolved not to approve the implementation of the Transaction. Based on the authority stated in (ii) above, on September 17, 2025, the Special Committee decided to appoint Mitsubishi UFJ Morgan Stanley Securities, Inc., a financial advisor and third-party appraiser independent of either the Tender Offer Related-Parties or the success or failure of the Transaction, as its own financial advisor and third-party appraiser.

(ii) Background of Examination

The Special Committee met a total of 20 times between July 22, 2025 and October 29 of the same year, for a total of approximately 30 hours, discussing and considering the Consultation Matters, as well as exchanging opinions via e-mail and other means among the members of the Special Committee as needed between meetings.

Specifically, the Special Committee has confirmed that Nomura Securities, which is the Company's financial advisor, and Anderson Mori & Tomotsune, which is the Company's legal advisor, are not related parties of the Tender Offer-Related Parties, and do not have any material interests in the Transaction, including the Tender Offer, and do not have any other problem regarding the independence and expertise in connection with the Transaction, and then, the Special Committee approved their appointment, and the Special Committee has confirmed that the committee may also receive expert advice as necessary.

Furthermore, the Special Committee approved the internal system established by the Company to consider the

Transaction (including the scope and duties of the officers and employees of the Company who will be involved in the consideration, negotiation and judgment concerning the Transaction) after confirming that there was no problem from the viewpoint of independence.

During the course of negotiations on the Transaction, the Special Committee conducted interviews with the Tender Offeror regarding the background, purpose and significance of the Transaction, the structure and terms of the Transaction, and the management structure, management policy and employee treatment after the Transaction. The Special Committee also conducted interviews with Sumitomo Electric Industries, which is the Company's parent company, regarding such matters as the Company's business environment, management challenges, the background of the Transaction, the creation of effects that will enhance corporate value through the Transaction, the impact on the Company's business, and the relationship with the Company after the Transaction. In addition, the Special Committee confirmed with the Company the Company's opinion regarding the Company's business environment, management challenges, and the background, purpose and significance of the Transaction, based on the contents of the proposal by the Tender Offeror regarding the Transaction.

In addition, the Special Committee received an explanation of the Business Plan from the Company and conducted a question-and-answer session to confirm the reasonableness of the Business Plan. Furthermore, the Special Committee received explanations on the calculation method and results of the share valuation of the Company Shares from Nomura Securities, the Company's financial advisor and third-party appraiser, and MUFG Morgan Stanley Securities, the Special Committee's financial advisor and third-party appraiser, and conducted a question-and-answer session, deliberation and consideration to confirm the reasonableness thereof. In addition, the Special Committee received an explanation from Anderson Mori & Tomotsune, the Company's legal advisor, regarding the legal considerations in making a decision on the Transaction, including the Tender Offer, in the Company, and considered the same.

Furthermore, the Special Committee is substantially involved in the negotiation process regarding the terms and conditions of the Transaction, including the Tender Offer Price, by, for example, deliberating and considering negotiations with the Tender Offeror based also on reports received from the Company and Nomura Securities from time to time, expressing its opinion on the terms and conditions of the Tender Offer and matters that should be discussed with the Tender Offeror in order to achieve the significance and purpose of the Transaction for the Company, and sending documents directly from the Special Committee to the Tender Offeror.

(iii) Determinations

Under the circumstances set forth above, the Special Committee has carefully examined and discussed the Consultation Matters, and as a result, submitted the Advisory Report to the Company's board of directors as of October 30, 2025 with the unanimous consent of all members, containing the following provisions:

(A) Contents of Advisory Report

- (a) It is considered that the Transaction will contribute to the enhancement of the corporate value of the Company and the purpose of the Transaction is reasonable;
- (b) It is considered that the fairness and reasonableness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) are ensured;
- (c) It is considered that the fairness of the procedures related to the Transaction is ensured;
- (d) It is considered that, based on (a) through (c) above, the decision by the Company's board of directors to proceed with the Transaction is not considered disadvantageous to the Company's minority shareholders; and
- (e) The Company's Board of Directors expressing its opinion in favor of the Tender Offer and recommending that the Company's shareholders tender their shares in the Tender Offer is considered reasonable.

(B) Reasons for Advisory Report

- (a) Enhancement of Corporate Value and Reasonableness of Purpose

As a basis, the Special Committee has heard from the Company that concerns should arise, primarily including

the following, if the Transaction were to be implemented: (i) Sumitomo Electric Industries and the Company maintain significant Collaborative Relationships. If the capital relationship between the Company and Sumitomo Electric Industries is dissolved and the Company ceases to be a member of Sumitomo Electric Industries Group, and the existing Collaborative Relationships between Sumitomo Electric Industries and the Company are not maintained or continued, there would be an adverse effect on the business operations and corporate value of the Company; (ii) if the Company becomes a member of the Tender Offeror Group, the Company would be compelled to prioritize the projects of the Tender Offeror Group, and as a result, the Company will lose opportunities to receive orders from existing customers such as general contractors outside the Tender Offeror Group, and consequently, there is a risk that the Company would be unable to maintain the construction technology that it has developed through diverse projects across various fields; and (iii) the Company will cease to be a listed company, and will no longer be able to use the trade name bearing the "Sumitomo" name and need to change its name since it will cease to be a member of Sumitomo Electric Industries Group. This could impact the name recognition, social credibility, and ability to secure talent that the Company has enjoyed as a listed company. It could also affect the motivation of those within the Company Group who aspire to work for a listed company or who take pride in the Company's trade name and brand. Since the Company is recognized to have reasonable cause for concern, the Special Committee conducted multiple interviews with Sumitomo Electric Industries to review the possibility of options other than the Transaction, including maintaining the listing of the Company, and confirmed the background leading to Sumitomo Electric Industries' commencing consideration of the Transaction and its policy on holding the Company Shares.. As a result, (i) the Special Committee have been informed that Sumitomo Electric Industries intends to sell all of its Company Shares., (ii) Sumitomo Electric Industries reached the conclusion that it would be difficult for the Company to buy back shares and then maintain the listing, and (iii) as a result of reviewing multiple proposals made by Sumitomo Electric Industries, the Special Committee determined the Transaction by the Tender Offeror would contribute to further enhancing the corporate value of the Company Group and decided to hold discussions and negotiations with the Tender Offeror, and accordingly proceeded to consider whether or not to conduct the Transaction by the Tender Offeror, taking the dissolution of the capital relationship between the Company and Sumitomo Electric Industries as a given.

Under the foregoing circumstances, the Special Committee examined whether the Transaction will contribute to the enhancement of the corporate value of the Company and whether the purpose of the Transaction is reasonable, taking into account the Company's recognition of the business environment and management challenges as well as synergies and other effects of the Transaction. As a result, the Special Committee came into a conclusion that it can be said that the synergies assumed from the Transaction are reasonable and that the implementation of the Transaction is expected to contribute to the resolution of management challenges recognized by the Company (i.e., securing of construction capabilities and securing of human resources therefor) to a certain extent, and the dyssynergies assumed from the Transaction do not go so far as to deny the reasonableness of the purpose of the Transaction. Therefore, the Special Committee came into a conclusion that the Transaction will contribute to the enhancement of the corporate value of the Company and that the purpose of the Transaction is reasonable.

- Regarding the business environment surrounding the Company Group, the Company anticipates steady private sector capital investment, driven by the further expansion of the data center market due to the advancement of the digital society, redevelopment in major metropolitan areas, and increased hotel demand stemming from the recovery and growth of inbound demand. The Company also anticipates increased demand for trunk line renewal and reinforcement work to accommodate the expansion of renewable energy and the resulting increase in storage batteries and power transmission volume. However, the current environment remains uncertain, with factors such as rising labor costs and equipment prices, trade friction triggered by U.S. tariff policies, and global economic stagnation. The Company recognizes the need to closely monitor future social conditions and market trends. The Company's management challenges are to secure sufficient construction capabilities and human resources. To secure human resources, the Company is taking various measures ahead of other companies in the same industry in recruiting new graduates and career professionals. There are no points with regard to the

Company's recognition of the business environment and management challenges described above that are inconsistent or clearly contrary to the objective facts. Therefore, in general terms, the Company's implementation of measures to contribute to securing construction capabilities and human resources, which have been undertaken by the Company, as part of its strategy for resolving the above-mentioned management challenges and for realizing the management challenges, will contribute to the enhancement of the corporate value of the Company.

- The specific synergies that the Tender Offeror expects under the Transaction include expansion of the electrical construction business and the information and communications business, which are key focus areas and further growth of overseas operations, primarily in Southeast Asia. Furthermore, the specific synergies that the Company considers to be feasible under the Transaction include acquisition of Tender Offeror Group development contracts and accumulation of construction track record and technical know-how, business growth and stability through orders for projects undertaken by the Tender Offeror Group, and acquisition of overseas projects primarily in Southeast Asia. The above-mentioned expected synergies are consistent with each other and clearly contrary to objective facts and are considered to be reasonable.
- In the three major concerns assumed as dyssynergies from the Transaction, (i) with respect to the concerns regarding the maintenance and continuation of the Collaborative Relationships with Sumitomo Electric Industries, in the Business Alliance Agreement, the parties would agree to maintain the Collaborative Relationships between the Company and Sumitomo Electric Industries in the same manner as before the implementation of the Transaction for the purpose of developing the business alliance relationship between the Company, Sumitomo Electric Industries, and the Tender Offeror, including the consideration of new collaborations, after the Transaction. Therefore, the Special Committee believes that the existing Collaborative Relationships between the Company and Sumitomo Electric Industries will be maintained and continued after the Transaction through the Business Alliance Agreement. With respect to (ii) the concerns regarding the discretion to make decisions on whether to accept projects and the maintenance of construction technology, the Tender Offeror Group is a conglomerate of comprehensive developers, construction companies, and housing manufacturers and thus act both as a project owner and contractor in the course of business. The Tender Offeror Group maintains good relationships with general contractors outside the Tender Offeror Group. The Special Committee confirmed that (1) the Tender Offeror will respect the independence of the Company and preserve the Company's managerial autonomy, (2) decisions on whether to accept projects will remain within the Company's discretion, (3) orders from the Tender Offeror Group will be subject to close consultation from the planning stage, and (4) the Tender Offeror believes that by proactively maintaining and expanding business with customers outside the Tender Offeror Group, including existing customers, the construction technology of the Company will be maintained and enhanced, thereby contributing to the improvement in the corporate value of the Tender Offeror Group as a whole. Therefore, the Special Committee believes that the impact of such concerns will be limited. With respect to (iii) the concerns regarding delisting and trade name change, the Special Committee confirmed that although the Tender Offeror Group does not conduct group-wide hiring and that recruitment is handled on a company-by-company basis, the Tender Offeror Group enjoys strong nationwide name recognition, brand strength and corresponding recruitment power, and has built up sufficient credibility over many years as a listed company. The Special Committee also confirmed that the Tender Offeror is considering various forms of auxiliary support to help development since securing technical personnel is indispensable and critical to the Company's growth. Therefore, the Special Committee believes that the Company's concerns can be complemented. In light of the above, it cannot be said that the possibility of actual occurrence of the dyssynergies mentioned in (i) through (iii) above is high, and it is considered that even if they occur, the impact of such dyssynergies on the Company's business would be limited. Therefore, the Special Committee believes that the dyssynergies assumed from the Transaction do not deny the reasonableness of the purpose of the Transaction.

(b) Fairness and Reasonableness of the Terms of the Transaction

Considering the following points, the reasonableness of the Tender Offer Price is confirmed, based on the Share Valuation Report (Nomura Securities), the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the Fairness Opinion, and assuming that the negotiation status, scheme, and other factors of the Transaction are reasonable. Also, the fairness and reasonableness of the terms of the Transaction (including the manner in which the Transaction will be implemented and the purchase price in the Tender Offer) are confirmed to be secured since it is ensured that the consideration received by the general shareholders will be the same as the Tender Offer Price per Company Share, regardless of whether the consideration is received by the general shareholders through the Tender Offer or the Squeeze-Out Procedures.

- The Special Committee, taking advice from Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities, conducted negotiations with the Tender Offeror based on the initial offer price (8,287 yen per share) by the Tender Offeror and the tentative share valuation results by Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities. As a result, the Special Committee obtained proposals to increase the Tender Offer Price five times and the Tender Offer Price (9,760 yen per share) has been finally agreed upon. As such, the final Tender Offer Price represents a considerable increase from the price initially offered by the Tender Offeror and it can be recognized that the Company and the Special Committee negotiated with the aim of conducting the Transaction on transaction terms as favorable as possible to general shareholders. Based on the above, it can be inferred that the agreement on the Tender Offer Price for the Transaction was reached by the Company, the Special Committee, and the Tender Offeror as a result of negotiations that are substantially equivalent to arm's-length negotiations and are based on objective and consistent discussions, and there are no circumstances that would make doubtful the transparency and fairness of the agreement process.
- The Business Plan is prepared on a standalone basis, not assuming implementation of the Transaction, and has been prepared based on the financial forecasts for the period from the fiscal year ending March 2026 to the fiscal year ending March 2029, which are presented in the Company's Medium-Term Management Plan, published on May 9, 2025, prior to the receipt of the Initial Letter of Intent dated June 30, 2025, and the figures published in the Medium-Term Management Plan have not been revised. No fact exists that the Tender Offeror or Sumitomo Electric Industries or their relevant parties were involved in or had an influence on the preparation of the Business Plan. No fact exists that the Business Plan was prepared or amended on instruction of or in response to the intent of the Tender Offeror. Although detailed explanation concerning the grounds, etc. for the Business Plan and a question-and-answer session were held by the Company, no circumstance that requires amendment of the Business Plan or any other circumstance that raises doubts regarding the reasonableness of the Business Plan was found. From the foregoing, the preparation of the Business Plan had been proceeding even before the possibility of the Transaction was specifically recognized in the Company, and there is no fact that pressure from the Tender Offeror and Sumitomo Electric Industries or their related parties was involved in the preparation process of the Business Plan, and there is no point that the contents of the Business Plan are unreasonable forecasts. The Special Committee was also explained by the Company that the financial results of the Company for the period from April 1, 2025 to September 30, 2025 (interim consolidated accounting period) are expected to exceed the most recently disclosed consolidated financial earnings forecasts for the second quarter (interim period) of the fiscal year ending March 2026, and there is a possibility that an upward revision to the full-year consolidated earnings forecasts for the fiscal year ending March 2026 may be necessary, and the revision of the consolidated earnings forecasts for the second quarter and the full year of the fiscal year ending March 2026 is due mainly to the improvement in profitability of the ongoing projects in the fiscal year ending March 2026 and therefore, there is no need to make any revision to the business plans for the following years, and that the share value of Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities was calculated using the figures for the fiscal year ending March 2026 which take the revision of the earnings forecasts into account, and the Special Committee confirmed that there was no unreasonable point in the Company's explanation that there was no need to revise the Business Plan.

- With respect to the Share Valuation Report (Nomura Securities), prepared by Nomura Securities, according to interviews with Nomura Securities, the valuation technique adopted by Nomura Securities is a corporate value valuation technique based on a going concern assumption, and specifically, Nomura Securities adopted the average market share price method, the comparable company method, and the DCF method. The combination of valuation techniques that grasp the valuation upper limit by the DCF method, which incorporates the present value of future cash flows into the valuation based on the market price, is in line with the standard approach for corporate valuation and appropriate. With respect to the average market share price method, the stock price valuation period used in Nomura Securities' calculation is appropriate. The price range calculated by the average market share price method is deemed to be sufficiently reasonable, judging from the fact that there have been no significant fluctuations that seem to be due to special factors and there have been no particularly unusual movements in the stock price of the Company. With respect to the comparable company method, Nomura Securities provided an explanation that comparable listed companies were selected based on the Company's recognition and the market's assessment, and there were no particularly unreasonable points in such explanation, and the price range calculated based on each multiple of comparable listed companies of the Company is deemed to be sufficiently reasonable. With respect to the DCF method, Nomura Securities uses the perpetual growth rate method and the multiple method. With respect to the various calculation bases used in the DCF method, no particularly noteworthy arbitrary numerical manipulation or unreasonable assumptions were found. Therefore, there was no unreasonable point in respect of the choice between the average market share price method, the comparable company method and the DCF method (the perpetual growth rate method and the multiple method), and in respect of the calculation methods and basis for each of them. Therefore, the Special Committee believes that it may rely on the Share Valuation Report (Nomura Securities), prepared by Nomura Securities, in considering the share value of the Company Shares. Further, with respect to the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), prepared by Mitsubishi UFJ Morgan Stanley Securities, according to interviews with Mitsubishi UFJ Morgan Stanley Securities, the valuation technique adopted by Mitsubishi UFJ Morgan Stanley Securities is a corporate value valuation technique based on a going concern assumption, and specifically, Mitsubishi UFJ Morgan Stanley Securities adopted the market price standard method, the comparable company method, and the DCF method. The combination of valuation techniques that grasp the valuation upper limit by the DCF method, which incorporates the present value of future cash flows into the valuation based on the market price, is in line with the standard approach for corporate valuation and appropriate. With respect to the market price standard method, the stock price valuation period used in Mitsubishi UFJ Morgan Stanley Securities' calculation is appropriate, and the price range calculated by the market price standard method is deemed to be sufficiently reasonable, judging from the fact that there have been no significant fluctuations that seem to be due to special factors and there have been no particularly unusual movements in the stock price of the Company. With respect to the comparable company method, Mitsubishi UFJ Morgan Stanley Securities provided an explanation that comparable listed companies were narrowed down based on data from information vendors as well as financial data and business contents of each company and were selected based on similarity in customer base and growth potential, market evaluation and other factors, and there were no particularly unreasonable points in such explanation. The price range calculated based on each multiple of comparable listed companies of the Company is deemed to be sufficiently reasonable. With respect to the DCF method, although Mitsubishi UFJ Morgan Stanley Securities uses the multiple method, there were no particularly noteworthy arbitrary numerical manipulations or unreasonable assumptions with respect to the calculation bases used in the DCF method, and Mitsubishi UFJ Morgan Stanley Securities does not use the perpetual growth rate method for the DCF method, and the Special Committee was provided with an explanation from Mitsubishi UFJ Morgan Stanley Securities that it generally does not use the perpetual growth rate method as part of its policies because it is practically difficult to determine the perpetual growth rate based on specific grounds. There was nothing particularly unreasonable in such explanation, and the Special Committee concludes that it is not particularly unreasonable that the perpetual growth rate method was not used. Therefore, there was

no unreasonable point in respect of the choice between the market price standard method, the comparable company method and the DCF method (the multiple method), and in respect of the calculation methods and basis for each of them. Therefore, the Special Committee believes that it may rely on the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), prepared by Mitsubishi UFJ Morgan Stanley Securities, in considering the share value of the Company Shares. Based on the above, the Tender Offer Price, i.e., 9,760 yen per share, is above both the upper valuation range under the average market share price method, the comparable company method and the DCF method in the Share Valuation Report (Nomura Securities) and the upper valuation range under the market price standard method, the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the share value per share, which is calculated by dividing, by the Reference Number of Shares, the total share value of the Company assessed by the Tender Offeror, which is calculated by adding (i) the amount obtained by multiplying the Share Buy Back Price by the number of the Non-Tendered Shares and (ii) the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares (excluding the treasury shares owned by the Company and the Non-Tendered Shares), is above the range of the valuation results by the average market share price method and the comparable company method in the Share Valuation Report (Nomura Securities) and the range of the valuation results by the market price standard method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and is above the median of the range of the valuation results by the comparable company method and the DCF method in the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities). Therefore, the Tender Offer Price is considered to be a reasonable price that secures the benefits to be enjoyed by the minority shareholders of the Company, also in light of a comparison with the share values of the Company Shares calculated by Nomura Securities and Mitsubishi UFJ Morgan Stanley Securities.

- The premium of the Tender Offer Price is, as compared to the premium levels observed in the comparable transactions, above the median of the simple average closing price for the most recent six months up to the business day immediately preceding the date of announcement of the Tender Offer, and is lower than other averages and medians, but the deviation from the average and median of the simple average closing price for the most recent one month, most recent three months and most recent six months up to the business day immediately preceding the date of announcement is not large. Moreover, since premium levels for individual transaction fluctuate for a variety of reasons and reliance solely on a simple comparison with such comparable transactions is not necessarily appropriate for assessing reasonableness, the Special Committee considers this premium level not to be unreasonable.
- The Special Committee has obtained the Fairness Opinion from Mitsubishi UFJ Morgan Stanley Securities, which stated its opinion that the Tender Offer Price is reasonable for the Company's shareholders from a financial perspective. There is nothing unreasonable in the issuance procedures or contents of the Fairness Opinion, which further supports the fairness and reasonableness of the Tender Offer Price.
- The method of the Transaction is generally adopted for going-private transactions of this nature, and in the case of a share consolidation which is expected as a second step, it is possible to file a petition with the court for the determination of the price after exercising the right to demand share purchase. In addition, since the consideration to be received by the shareholders is cash, the method of the Transaction is desirable in terms of the simplicity of understanding of the consideration and the high stability and objectivity of the value thereof, and is more desirable than organizational restructuring such as share exchange, in particular, in consideration of the Shares, in terms of being able to achieve both the requirement of swiftly making the Company a wholly-owned subsidiary and the securing of opportunity and time for general shareholders, etc. to make appropriate decisions based on sufficient information. Based on the above, it is reasonable to adopt a two-step takeover involving a tender offer as the method of acquisition and cash consideration for the acquisition. Furthermore, according to the Tender Offeror, in the Transaction, after the Squeeze-Out Procedures become effective, the Company is expected to acquire all of the Company Shares held by Sumitomo Electric Industries through the Share Buy Back, and Sumitomo Electric Industries is expected to be eligible for exclusion from gross profits of deemed dividends as prescribed

in the Corporation Tax Act, and taking this into account, the maximization of the Tender Offer Price has been ensured by allocating a greater distribution to the minority shareholders of the Company. There is nothing unreasonable in the Tender Offeror's explanation, and since the Company intends to maximize the Tender Offer Price through the combination of the Share Buy Back, it is reasonable to adopt the scheme of the Share Buy Back.

(c) Fairness of the Procedures

Taking the following points into account, with regard to the Transaction, (i) in the process of formulating the transaction terms, a situation that can be said to be substantially arm's length transaction is secured, and (ii) substantial fairness ensuring measures have been adopted and effectively operated in terms of securing opportunities for general shareholders to make appropriate decisions based on sufficient information. Taken as a whole, the fairness ensuring measures adopted can be evaluated as the procedures sufficient to ensure the fairness of the transaction terms. In conclusion, it can be recognized that sufficient consideration has been given to the interests of the shareholders of the Company through fair procedures in the Transaction.

- (1) The Special Committee was established as soon as practicable after the takeover offer was received from the offeror; (2) the members of the Special Committee consist of four members, including three independent outside directors and one independent outside audit & supervisory board member, and it is confirmed that each member is independent of the Tender Offeror, Sumitomo Electric Industries and the success or failure of the Transaction; (3) the Special Committee is authorized to negotiate in relation to the transaction terms of the Transaction and conducts negotiations directly by itself, and is authorized to substantially participate in the negotiation process in relation to the transaction terms of the Transaction by receiving reports on the situation in a timely manner, stating its opinions at important points and giving instructions and requests and so forth, and thereby ensuring a situation where the Special Committee can substantially influence the negotiation process in relation to the transaction terms; (4) the Special Committee has confirmed that it seeks professional advice or explanations from Nomura Securities as the Company's financial advisor and third-party appraiser and Anderson Mori & Tomotsune as the Company's legal advisor, after confirming that there is no problem in their independence, and pursuant to the authority granted to the Special Committee, the Special Committee has appointed Mitsubishi UFJ Morgan Stanley Securities as its own financial advisor and third-party appraiser after confirming that there is no problem in their independence, and has requested Mitsubishi UFJ Morgan Stanley Securities to express its opinion on the valuation of the shares of the Company and the fairness of the Tender Offer Price from a financial perspective; (5) the Special Committee has sent its questions to the Tender Offeror and Sumitomo Electric Industries and obtained their answers, received explanations from the executives of the Company and obtained information necessary for its consideration and judgment; (6) the compensation of the members of the Special Committee is a fixed amount and no incentive fees are adopted; (7) the Company's board of directors has resolved that any decision made by the Company's board of directors with respect to the Transaction shall be made with the utmost respect for the determinations of the Special Committee, and if the Special Committee determines that the purpose of the Transaction is unreasonable or that the transaction terms are inappropriate, the implementation of the Transaction shall not be approved, it is considered that the Special Committee is effectively functioning as a fairness ensuring measure.
- (i) After receiving the Initial Letter of Intent from the Tender Offeror on June 30, 2025, the Company established a project team to consider the Transaction (including preparation of the Business Plan) and to conduct discussions and negotiations with the Tender Offeror. The project team do not include officers and employees of the Company who are also officers and employees of Sumitomo Electric Industries or officers and employees of the Company who are former employees of Sumitomo Electric Industries (including Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, who are also directors of the Company). (ii) At the board of directors meeting held on October 30, 2025, the six directors of the Company who participated in deliberation and resolution, excluding Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, are expected to unanimously resolve to express their opinion in favor of the Tender Offer and to recommend that the Company's

shareholders tender their shares in the Tender Offer, and all of the five audit & supervisory board members (of which three outside audit & supervisory board members) present at such board of directors meeting are expected to state the opinion that they had no objection to such resolution. (iii) Mr. Makoto Tani, Mr. Tetsunari Shimada, and Mr. Kenichi Shimada are alumni of Sumitomo Electric Industries, and, therefore, will not participate in the above-mentioned deliberations and resolutions of the board of directors in order to eliminate, as much as possible, any possibility of being affected by issues of structural conflicts of interest in the Transaction, and have not participated in any examination of the Transaction or discussions or negotiations with the Tender Offeror from the standpoint of the Company. (iv) Although it is resolved that the Company shall establish the Special Committee and obtain its opinion, it is further resolved that the Company's board of directors shall make its decision regarding the Transaction with the utmost respect for the determinations of the Special Committee and that it will not agree to the Transaction if the Special Committee determines that any transaction terms of the Transaction are unreasonable. Based on the above, arbitrariness in the Company's decision making regarding the Transaction is eliminated, and fairness, transparency and objectivity are secured in the decision making process.

- The Company appointed Anderson Mori & Tomotsune as legal advisor independent of the Company, the Tender Offeror, Sumitomo Electric Industries, and the success or failure of the Transaction, and received from said law firm advice regarding the establishment of the special committee, appointment of its members and other fairness ensuring measures.
- The Company has obtained the Share Valuation Report (Nomura Securities) from Nomura Securities, which is the third-party appraiser independent of the Company, the Tender Offeror, Sumitomo Electric Industries and the success or failure of the Transaction the Company, as materials regarding the share value of the Company Shares.
- The Special Committee has obtained the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) from Mitsubishi UFJ Morgan Stanley Securities, which is the third-party appraiser independent of the success or failure of the Transaction, as materials regarding the share value of the Company Shares. The Special Committee has also obtained the Fairness Opinion from Mitsubishi UFJ Morgan Stanley Securities as an opinion regarding the fairness of the Tender Offer Price from a financial perspective.
- The Tender Offeror has set the Tender Offer Period at 30 business days. According to the Tender Offeror, by setting the Tender Offer Period longer than the statutory minimum period, the Tender Offeror intends to ensure the fairness of the Tender Offer by securing an opportunity for the shareholders of the Company to make an appropriate decision on whether to tender their shares in the Tender Offer and also to secure an opportunity for parties other than the Tender Offeror ("Competing Bidders") to make countervailing purchases of the Company Shares. Furthermore, since the Tender Offeror and the Company have not entered into any agreement, such as an agreement containing a transaction protection clause that prohibits the Company from contacting any Competing Bidders or otherwise restricts any such Competing Bidders from contacting the Company, a so-called indirect market check has been conducted for the Transaction by conducting M&A after creating an environment in which other potential acquirers could make counteroffers after the announcement. In addition, according to the interview with Sumitomo Electric Industries and other information, Sumitomo Electric Industries received multiple proposals for the sale of the Company Shares in addition to the proposals on the Transaction from the Tender Offeror, and has considered the acquisition from the perspective of whether it would contribute to the enhancement of the Company's corporate value, in consideration of the company's attributes, management methods and business environment, intentions and backgrounds, and then entered into discussions with the Company and the Tender Offeror. Given the situation that Sumitomo Electric Industries owns more than 50% of the Company Shares, it is difficult to acquire the Company without the cooperation and consent of that company. Given that Sumitomo Electric Industries compared proposals from multiple companies other than the Tender Offeror and selected to conduct the Transaction with the Tender Offeror, it is not unreasonable that the Company did not actively conduct market checks.
- With respect to the Transaction, the disclosure documents are expected to provide substantial information

regarding the content of authority granted to the Special Committee, the background of discussions by the Special Committee, the status of involvement in the process of negotiation of the transaction terms with the Tender Offeror, the content of the Advisory Report, the compensation structure of the members of the Special Committee, the outlines of the Share Valuation Report (Nomura Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), the process leading to the implementation of the Transaction and the background of negotiations, etc., and it is considered that important judgmental materials that contribute to the judgment of the reasonableness of the transaction terms have been provided to the shareholders of the Company.

- If the Tender Offeror is unable to acquire all of the Company Shares through the Tender Offer, the Tender Offeror intends to request that the Company, promptly after the completion of the settlement of the Tender Offer, convene an extraordinary general meeting of shareholders that will include on its agenda a proposal for the Share Consolidation. Considering that, upon the Share Consolidation, the cash to be delivered to the shareholders of the Company as consideration is to be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares held by each shareholder and that the right to demand share purchase and to file a petition for a court to determine the price is secured for the shareholders of the Company who are opposed to the Tender Offer, it is deemed that consideration has been given to avoid creating coercive pressure. For the avoidance of doubt, the minimum number of shares to be purchased in the Tender Offer has not been set at a number which, together with the Company Shares held by Sumitomo Electric Industries, would ensure a number of voting rights equivalent to two-thirds of the total number of voting rights of the Company Shares. If, after the consummation of the Tender Offer, the total number of voting rights of the Company held by the Tender Offeror and Sumitomo Electric Industries falls below two-thirds of the total number of voting rights of all shareholders of the Company, it is theoretically possible that the proposal for the Share Consolidation will not be approved at an extraordinary general meeting of shareholders of the Company. However, taking into account the ratio of exercise of voting rights at the annual general meetings of shareholders of the Company over the past five years, it is considered probable that the proposal for the Share Consolidation will be approved even if the Tender Offeror acquires in the Tender Offer the Company Shares corresponding to the minimum number of shares to be purchased, and even if the proposal for the Share Consolidation is not approved, the Tender Offeror plans to additionally acquire the Company Shares by way of on-market purchases or off-market purchases up to the level where the proposal for the Share Consolidation is realistically approved at the general shareholders meeting of the Company, and then to make the Company a wholly-owned subsidiary by way of the Share Consolidation. In this light, it is considered that consideration has been given to avoid creating coercive pressure, given that in substance the right of the shareholders of the Company who are opposed to the proposal for the Share Consolidation and the corresponding right to file a petition for a court to determine the price are secured.
 - In the Tender Offer, there is no plan to set a minimum number of shares to be purchased corresponding to the so-called "Majority of Minority," but in the Transaction, while the Tender Offeror as the acquirer does not currently hold shares in the Company, with respect to the Company Shares held by the Company's parent company, Sumitomo Electric Industries, the Non-Tender Agreement will be entered into between Sumitomo Electric Industries and the Tender Offeror to the effect that Sumitomo Electric Industries will not tender its shares in the Tender Offer, and in light of the Company Shares held by Sumitomo Electric Industries, there is a concern that the establishment of the Majority of Minority terms may have an adverse effect on the Transaction, and in light of the fairness ensuring measures other than mentioned above having been taken, it is considered that a considerable degree of consideration has been given to the minority shareholders of the Company, even if the Majority of Minority terms have not been adopted.
- (d) The Special Committee considers that the matters requested to be examined in (a) through (c) above are to be taken into consideration when examining (d) above. As stated in (a) through (c) above, as a result of the

examination by the Special Committee, the Special Committee does not find any problem with respect to (a) through (c) above.

Based on the above, the Special Committee renders its opinion that the decision of the Company's board of directors to conduct the Transaction (including expressing opinions regarding the Tender Offer and conducting the Share Consolidation as the Squeeze-Out Procedures after the completion of the Tender Offer) is not disadvantageous to the minority shareholders of the Company.

- (e) The Special Committee considers that, with respect to (a) through (d) above, the reasonableness of the purpose of the Transaction, the fairness and reasonableness of the terms of the Transaction and the fairness of the procedures for the Transaction are confirmed, and it is confirmed that the implementation of the Transaction is not disadvantageous to the minority shareholders of the Company, which constitute grounds for approving (e). And, as stated in (a) through (c) above, as a result of the examination by the Special Committee, the Special Committee does not find any problem with respect to (a) through (d) above.

Based on the above, the Special Committee renders its opinion that it is reasonable for the Company's board of directors to issue an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer.

(III) Procurement by the Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Appraiser

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

The Company requested Nomura Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Company Shares, in expressing its opinion on the Tender Offer, and received the Share Valuation Report (Nomura Securities) on October 29, 2025.

Given that the Company and the Tender Offeror implemented measures to ensure fairness of the Transaction including the Tender Offer and to prevent conflict of interest, the Company determined that the fairness of the Transaction is sufficiently ensured. Therefore, the Company has not procured a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities. Nomura Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction, including the Tender Offer.

Furthermore, the fees payable to Nomura Securities with respect to the Transaction include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions. The Company has appointed Nomura Securities as its financial advisor and third-party appraiser under such fee structure, upon determining that including a performance fee which is payable subject to the completion of the Tender Offer and other conditions will not negate the independency when considering the general practice in similar transactions, and the pros and cons of the fee structure that would result in the Company incurring a due financial burden if the Transaction are not successfully completed. Furthermore, the Company confirmed with the Special Committee that there were no issues regarding the independence of Nomura Securities.

(ii) Overview of Valuation

After examining the valuation method in the Tender Offer, based on the belief that the value of the Company Shares should be evaluated from multiple perspectives under the assumption that the Company is a going concern, Nomura Securities used the following methods to calculate the value of the Company Shares: the average market share price method, as the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange; the comparable company method, as there are listed companies relatively similar to the Company and it is possible to analogize the share value of the Company Shares by comparing to that of similar listed companies; and the DCF method to reflect the situation of business activities in the future in the valuation.

According to Nomura Securities, the range of the value per share of the Company Shares calculated under each of the

above methods is as follows:

Average market share price method	From JPY 6,471 to JPY 7,620
Comparable company method	From JPY 4,555 to JPY 7,914
DCF method	From JPY 7,262 to JPY 8,675

Under the average market share price method, with October 29, 2025 being set as the reference date, the value per share of the Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent five business days of JPY 7,322; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

Under the comparable company method, the value per share of the Company Shares is calculated to range from JPY 4,555 to JPY 7,914, by calculating the value of the Company Shares through comparison to share prices and financial indicators showing profitability of listed companies engaging in business similar to that of the Company.

Under the DCF method, considering reasonable assumptions such as revenue forecasts and investment plans based on the business plan prepared by the Company (the "Business Plan"), the corporate value of the Company was evaluated based on the free cash flow expected to be generated by the Company from the second quarter of the fiscal year ending March 2026 by discounting to the present value at a discount rate corresponding to the business risk, and the share value of the Company was analyzed by making certain financial adjustments such as adding cash equivalents and subtracting interest-bearing debt held by the Company. Accordingly, the value per share of the Company Shares is calculated to range from JPY 7,262 to JPY 8,675. It should be noted that the Business Plan on which the DCF method is based does not contain any fiscal year expecting a significant increase or decrease in earnings, but contains a fiscal year expecting a significant increase or decrease in free cash flow. Specifically, for the fiscal years ending March 2028 and March 2029, substantial decrease in free cash flow (fiscal year ending March 2028: approximately JPY 140 million, year-on-year change: - 98.5%; fiscal year ending March 2029: approximately - JPY 2.73 billion, year-on-year change: -) is expected due to increase in working capital associated with revenue growth and higher capital expenditures. The earnings forecast underlying the DCF method takes into account the financial results forecast for the fiscal year ending March 2026 as stated in the "Differences Between the Consolidated Financial Results Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to the Consolidated Financial Results Forecast" published by the Company as of October 30, 2025.

The Business Plan does not reflect synergy effects expected to be realized through the implementation of the Transaction since it is difficult to specifically estimate such synergy effects at the time of calculation. Furthermore, as described in "(ii) Background of Examination" under "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" above, the Special Committee received explanations regarding the contents and preparation process of the Business Plan and confirmed the reasonableness of the Business Plan through question-and-answer sessions on these points.

(Note) In calculating the share value of the Company Shares, Nomura Securities assumed that disclosed information and all information provided by the Company were accurate and complete, and did not independently verify their accuracy and completeness. Nomura Securities did not conduct any independent valuation, appraisal or assessment of the Company's and its affiliate's assets or liabilities (including derivative financial instruments, off-balance sheet assets and liabilities and other contingent liabilities), including the analysis and evaluation of individual assets and liabilities, nor did it request a third party to conduct an appraisal or assessment. Nomura Securities assumed that the Business Plan had been considered and prepared by the Company's management in a reasonable manner based on the best and good-faith forecasts and judgments available at the time of calculation. The calculation by Nomura Securities reflects information and economic conditions available to Nomura Securities up until October 29, 2025. The calculation by Nomura Securities is intended solely as a reference for

the Company's board of directors in assessing the value of the Company Shares.

Nomura Securities does not fall under the category of a related party of any of the Tender Offer-Related Parties, and does not have any material interest that should be disclosed in relation to the Tender Offer. Furthermore, the Special Committee confirmed that there were no issues with the independence and expertise of Nomura Securities at the second meeting of the Special Committee held on July 24, 2025, and approved the appointment of Nomura Securities as the financial advisor and third-party appraiser of the Company.

(IV) Procurement by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Financial Advisor and Third-Party Appraiser

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

The Special Committee requested Mitsubishi UFJ Morgan Stanley Securities, a financial advisor and third-party appraiser independent of each of the Tender Offer-Related Parties and the outcome of the Transaction, to calculate the value of the Company Shares and express an opinion on the fairness of the Tender Offer Price from a financial perspective, in considering the Consultation Matters, and received the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) and the Fairness Opinion on October 29, 2025.

Mitsubishi UFJ Morgan Stanley Securities is not a related party of any of the Tender Offer-Related Parties and has no material interest in the Transaction, including the Tender Offer.

Furthermore, the fees payable to Mitsubishi UFJ Morgan Stanley Securities with respect to the Transaction do not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions.

(ii) Overview of Valuation

After examining the valuation method in the Tender Offer, based on the belief that the value of the Company Shares should be evaluated from multiple perspectives, Mitsubishi UFJ Morgan Stanley Securities used the following methods to calculate the value of the Company Shares: the average market share price method, as the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and have market price; the comparable company method, as there are listed companies engaging in business relatively similar to that of the Company and it is possible to analogize the share value of the Company Shares by comparing to that of similar listed companies; and DCF method to reflect the situation of business activities in the future in the valuation.

The range of the value per share of the Company Shares calculated by Mitsubishi UFJ Morgan Stanley Securities under each of the above methods is as follows:

Average market share price method	From JPY 6,471 to JPY 7,620
Comparable company method	From JPY 5,180 to JPY 9,191
DCF method	From JPY 7,271 to JPY 9,026

Under the average market share price method, with October 29, 2025 being set as the reference date, the value per share of the Company Shares is calculated to range from JPY 6,471 to JPY 7,620 based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date of JPY 7,620; the simple average closing price for the most recent one month of JPY 6,914; the simple average closing price for the most recent three months of JPY 6,804; and the simple average closing price for the most recent six months of JPY 6,471.

Under the comparable company method, the value per share of the Company Shares is calculated to range from JPY 5,180 to JPY 9,191, by calculating the value of the Company Shares through comparison to share prices and financial indicators of listed companies engaging in business relatively similar to that of the Company.

Under the DCF method, based on various assumptions including the Business Plan, the trend of financial performance to date as well as publicly disclosed information, the corporate value and share value of the Company were calculated by discounting the free cash flow expected to be generated by the Company in the future back to the present value using a

certain discount rate, and the value per share of the Company Shares is calculated to range from JPY 7,271 to JPY 9,026.

It should be noted that the Business Plan on which the DCF method is based does not contain any fiscal year expecting a significant increase or decrease in earnings, but contains a fiscal year expecting a significant increase or decrease in free cash flow. Specifically, for the fiscal year ending March 2028, substantial increase in free cash flow (JPY 12.1 billion, year-on-year change: 59.4% increase) is expected due to improved profit levels and decrease in corporate tax payments, and for the fiscal year ending March 2029, substantial decrease in free cash flow (- JPY 11.95 billion, year-on-year change: 198.8% decrease) is expected due to increase in working capital associated with revenue growth and higher capital expenditures. The earnings forecast underlying the DCF method takes into account the financial results forecast for the fiscal year ending March 2026 as stated in the "Differences Between the Consolidated Financial Results Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 2026 and Revision to the Consolidated Financial Results Forecast" published by the Company as of October 30, 2025. Furthermore, the Business Plan does not reflect synergy effects expected to be realized through the Tender Offer since it is difficult to specifically estimate such synergy effects at this point.

(iii) Overview of Fairness Opinion

On October 29, 2025, the Special Committee obtained the Fairness Opinion, from Mitsubishi UFJ Morgan Stanley Securities, stating that the Tender Offer Price of JPY 9,760 per share is deemed fair to the Company's shareholders (excluding Sumitomo Electric Industries, the Tender Offeror and their affiliates) from a financial perspective. The Fairness Opinion was issued following the analysis and examination of the Business Plan and other financial information submitted by the Company and question-and-answer sessions with the Company and the Special Committee, in addition to the examination of the results of the valuation of the Company Shares conducted by Mitsubishi UFJ Morgan Stanley Securities and question-and-answer sessions with the Company and the Special Committee regarding the background and circumstances leading to the decision to support the Tender Offer. The Fairness Opinion was issued in accordance with the internal procedures of Mitsubishi UFJ Morgan Stanley Securities following the approval by the committee consisting of professionals from its Investment Banking Division and other departments.

(Note) The Fairness Opinion issued by Mitsubishi UFJ Morgan Stanley Securities and the analysis of the value of the Company Shares that served as a basis for the Fairness Opinion were addressed to the Special Committee solely for the purpose of serving as reference information for the Special Committee, and are limited to assessing only whether, as of October 29, 2025, the Tender Offer Price is fair to the Company's shareholders (excluding Sumitomo Electric Industries, the Tender Offeror and their respective affiliates) from a financial perspective. The Fairness Opinion and the underlying analysis do not address the share price of the Company Shares following the Tender Offer. They do not express any view or make any recommendation to any of the Company's shareholders regarding any actions those shareholders may take in connection with the Tender Offer. Mitsubishi UFJ Morgan Stanley Securities does not recommend any specific Tender Offer Price to the Special Committee, nor does it recommend that any particular Tender Offer Price be regarded as the only appropriate price for the Tender Offer. In expressing its opinions in the Fairness Opinion and analyzing such opinions, Mitsubishi UFJ Morgan Stanley Securities has relied on publicly available information and information provided by the Company and the Special Committee on the assumption that such information is accurate and complete, and did not independently verify their accuracy and completeness. Mitsubishi UFJ Morgan Stanley Securities has not been provided with the Company's audited financial statements for the second quarter of the fiscal year ending March 2026 in connection with the preparation of the Fairness Opinion. Mitsubishi UFJ Morgan Stanley Securities assumed, without performing independent verification, that the internally prepared financial statements provided to it are accurate in all material respects and fairly present the matter described. In preparing the Fairness Opinion, Mitsubishi UFJ Morgan Stanley Securities also assumed that the financial forecasts had been prepared by the Company's management in a reasonable manner based on the best forecasts and judgments available at the time regarding the Company's future financial condition. Mitsubishi UFJ Morgan Stanley Securities assumes that the terms set forth in the agreements related to the Transaction will not be waived or amended and will be performed without delay. Mitsubishi UFJ Morgan Stanley

Securities assumes that all permits, licenses and consents of the government agencies, supervisory authorities and other bodies required for the Transaction will be obtainable and that any such permits, licenses and consents will not be subject to delay, restriction or condition that may have a material adverse effect on the expected benefits of the Transaction. Mitsubishi UFJ Morgan Stanley Securities is not a legal, accounting or tax advisor. Mitsubishi UFJ Morgan Stanley Securities is a financial advisor, and relies on the judgments of the Special Committee, the Company and the Company's auditors and legal advisors regarding legal, accounting and tax matters without performing independent verification. Mitsubishi UFJ Morgan Stanley Securities has not conducted any independent valuation or assessment of the assets or liabilities of the Company and its affiliates, nor has it been provided with any such valuation or assessment. The Fairness Opinion and the underlying analysis of Mitsubishi UFJ Morgan Stanley Securities are based on economic, financial, market and other conditions as of October 29, 2025 and on information that Mitsubishi UFJ Morgan Stanley Securities has obtained up to that date. Events that occur on or after October 29, 2025 may affect the Fairness Opinion, the underlying analysis and the assumptions used for the preparation of the Fairness Opinion. However, Mitsubishi UFJ Morgan Stanley Securities is not obligated to update, revise or review its opinions. In expressing its opinions in the Fairness Opinion, Mitsubishi UFJ Morgan Stanley Securities is not authorized to solicit, and is not soliciting, any entity in connection with acquisition, business combination or other special transaction involving the Company. Mitsubishi UFJ Morgan Stanley Securities has not engaged in negotiations with any entity that has expressed interest in acquiring the Company or any part of the Company's businesses. Mitsubishi UFJ Morgan Stanley Securities has been retained solely to provide valuation and analysis of the Company's corporate value and share value and to issue a fairness opinion in connection with the Transaction, and it has not participated in the structuring, planning or negotiation of the Transaction. The Fairness Opinion and the underlying analysis have gone through complicated processes and are not necessarily suitable for partial analysis or summary. Mitsubishi UFJ Morgan Stanley Securities considers all of its analyses as a whole and does not place particular weight on any singly analysis or factor. In performing its analyses, Mitsubishi UFJ Morgan Stanley Securities makes numerous assumptions regarding industry conditions, general business and economic conditions and other matters, many of which are beyond the control of Mitsubishi UFJ Morgan Stanley Securities, the Company or the Tender Offeror. All forecasts included in Mitsubishi UFJ Morgan Stanley Securities' analyses do not necessarily indicate future results or actual values, and such results and values may be materially better or worse than those suggested by such forecasts. Mitsubishi UFJ Morgan Stanley Securities will provide services as a financial advisor of the Special Committee in relation to the Transaction and will receive fees as the consideration for the services. The fees payable to Mitsubishi UFJ Morgan Stanley Securities with respect to the Transaction do not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions. Mitsubishi UFJ Morgan Stanley Securities and its affiliates provide global financial services, including banking, securities, trust, investment management and other financial services (collectively referred to as the "Financial Services"). The securities business includes not only investment banking, financing and financial advisory services, but also securities underwriting, trading and brokerage, foreign exchange, commodities and derivatives transactions. In the ordinary course of securities underwriting, trading, brokerage and financing activities, Mitsubishi UFJ Morgan Stanley Securities and its affiliates may, with respect to bonds, shares or loans of the Tender Offer-Related Parties or other entities related to the Transaction, or with respect to currencies, commodities or derivatives related to the Transaction, hold long or short positions, provide Financial Services to the Tender Offer-Related Parties or other entities related to the Transaction, and conduct purchases, sales or other transactions for their own account or for the accounts of their customers. Mitsubishi UFJ Morgan Stanley Securities, its affiliates and their directors and officers may invest their own funds in bonds, shares or loans of the Tender Offer-Related Parties or other entities related to the Transaction, or in currencies, commodities or derivatives related to the Transaction, or may operate funds that invest their own funds in such instruments. Mitsubishi UFJ Morgan Stanley Securities may also provide ordinary brokerage services to the Tender Offer-Related Parties or other entities related to the Transaction.

Mitsubishi UFJ Morgan Stanley Securities does not fall under the category of a related party of any of the Tender Offer-Related Parties, and does not have any material interest that should be disclosed in relation to the Transaction, including the Tender Offer. Furthermore, the Special Committee confirmed that there were no issues with the independence and expertise of Mitsubishi UFJ Morgan Stanley Securities at the tenth meeting of the Special Committee held on September 17, 2025, and approved the appointment of Mitsubishi UFJ Morgan Stanley Securities as the financial advisor and third-party appraiser of the Special Committee.

(V) Advice from an Independent Law Firm Regarding the Company

In order to ensure transparency and rationality in the decision-making process of the Company's board of directors regarding the Transaction, as stated in "1. Purpose of and Reasons for Share Consolidation" above, the Company has appointed Anderson Mori & Tomotsune as a legal advisor who is independent of the Tender Offeror as well as the success or failure of the Transaction, and the Company has received necessary legal advice on the decision-making processes and methods regarding the Transaction, including the Tender Offer, as well as other points to consider when making decisions regarding the Transaction.

Anderson Mori & Tomotsune does not fall under the category of a related party of any of the Tender Offer-Related Parties and does not have any material interest that should be disclosed in relation to the Tender Offer. In addition, the Special Committee confirmed that there were no issues with the independence and expertise of Anderson Mori & Tomotsune at the second meeting of the Special Committee held on July 24, 2025, and approved the appointment of the firm as the Company's legal advisor. Anderson Mori & Tomotsune receives fees only on an hourly basis, and any incentive fees contingent on the successful closing of the Transaction do not apply.

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

As stated in "(i) Proposals from the Tender Offeror and Background to the Establishment of an Examination Framework" "1. Purpose of and Reasons for Share Consolidation" above, the Company has established a system within the Company to consider the Transaction, and conduct negotiations and making judgments regarding the Transaction from a position independent of the Tender Offeror and Sumitomo Electric Industries. Specifically, after receiving an Initial Letter of Intent from the Tender Offeror on June 30, 2025, the Company established a project team to consider the Transaction (including preparation of a business plan that provides the basis for calculating the value of the Company Shares) and to conduct discussions and negotiations with the Tender Offeror. The project team do not include officers and employees of the Company who are also officers and employees of Sumitomo Electric Industries or officers and employees of the Company who are former employees of Sumitomo Electric Industries (including Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada, who are also directors of the Company).

At the second meeting of the Special Committee held on July 24, 2025, the Special Committee approved that the Company's review system, including the above (including the scope and duties of the officers and employees of the Company who are involved in the consideration, negotiation and judgment of the Transaction), poses no problem from the perspectives of independence and fairness.

(VII) Approval by All Disinterested Directors of the Company and Opinion of No Objection from All Disinterested Audit & Supervisory Board Members

While taking into account the advice received by the Company from Nomura Securities and Anderson Mori & Tomotsune, the advice received by the Special Committee from Mitsubishi UFJ Morgan Stanley Securities, and the content of the Share Valuation Report (Nomura Securities), Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) and the Fairness Opinion, the Company's board of directors carefully considered and discussed whether the Transaction, including the Tender Offer, would contribute to the enhancement of the Company Group's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, respecting to the maximum extent the content of the judgment of the Special Committee as indicated in the Advisory Report.

As a result, as stated in "(ii) Background to the review and negotiations and determinations" under "1. Purpose of and

Reasons for Share Consolidation" above, the Company determined that the Transaction, including the Tender Offer, will contribute to the enhancement of the Company Group's corporate value, and that the Tender Offer Price is a reasonable price that will provide the Company's shareholders with a reasonable opportunity to sell their shares. At the meeting of the Company's board of directors held on October 30, 2025, it resolved to express its opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer. At the above-mentioned meeting of the board of directors, all of the Company's Audit & Supervisory Board Members were present, and they all stated the opinion that they had no objection to the above-mentioned resolution.

Out of the nine directors of the Company, Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada were previously employees of Sumitomo Electric Industries, the parent company of the Company, which enters into the Transaction-Related Agreements with the Tender Offeror and the Business Alliance Agreement with the Company and the Tender Offeror. Thus, in order to eliminate, as much as possible, any possibility of being affected by issues involving structural conflicts of interest in the Transaction, at the above-mentioned board of directors meeting, after deliberation by the six directors of the Company, excluding Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada (namely, Mr. Shigehiro Kojima, Mr. Yasuharu Okino, Mr. Rikiya Hattori, Mr. Hideyuki Takahashi, Mr. Hirofumi Yasuhara and Ms. Yumi Sano), the board of directors unanimously resolved to express their opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer. In addition, none of the six directors of the Company who participated in the above-mentioned board of directors meeting has any conflicts of interest, such as holding concurrent positions as officers of the Tender Offeror Group and Sumitomo Electric Industries.

From the perspective of avoiding any possible conflict of interest, Mr. Makoto Tani, Mr. Tetsunari Shimada and Mr. Kenichi Shimada did not participate in any deliberations on the agenda regarding consideration of the Transaction at the Company's board of directors meeting, and after receiving the Initial Letter of Intent from the Tender Offeror on June 30, 2025, they did not participate in any discussions or negotiations with the Tender Offeror and Sumitomo Electric Industries regarding the Transaction from the standpoint of the Company.

(VIII) Measures to Ensure Purchase Opportunities from Other Purchasers

The Tender Offeror has not entered into any agreement with the Company that restricts the Company from contacting persons making competing offers, including any agreement providing a transaction protection clause that forbids the Company from contacting persons making competing offers.

According to the Tender Offeror, the Tender Offeror has set the Tender Offer Period at 30 business days, which is longer than the statutory minimum period of 20 business days. By setting the Tender Offer Period longer than the statutory minimum period, the Tender Offeror intends to ensure that the shareholders of the Company have an appropriate opportunity to decide whether or not to tender their shares or rights in the Tender Offer and to ensure the appropriateness of the Tender Offer Price by ensuring an opportunity for persons other than the Tender Offeror to make competing offers with respect to the Company Shares.

4. Future Outlook

As a result of the implementation of the Share Consolidation, the Company Shares will be delisted, as described in "(I) Delisting" under "(2) Possibility of Delisting" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" above.

After the Share Consolidation becomes effective, the Company will implement the Share Buy Back so that the Tender Offeror will finally be the sole shareholder of the Company, and the Funding and the Capital Reduction will be implemented in order to ensure funds for implementing the Share Buy Back and ensure the distributable amount for implementing the Share Buy Back.

5. Matters concerning Transactions, etc. with Controlling Shareholder

(1) Applicability of Transactions, etc. with Controlling Shareholder and Compliance with Minority Shareholder Protection Policy

The Transaction-Related Agreements have been entered into between Sumitomo Electric Industries, which is the

controlling shareholder (parent company) of the Company, and the Tender Offeror, and the Tender Offer will be conducted as part of the Transaction in anticipation of the Share Buy Back after the successful completion of the Tender Offer and the Share Consolidation. Therefore, the Company has determined that the expression of opinion regarding the Tender Offer by the Company's board of directors constitutes a transaction, etc. with a controlling shareholder.

In the Corporate Governance Report, which was disclosed on June 26, 2025, the Company states, as the "policy on measures to protect minority shareholders in conducting transactions with the controlling shareholder," that "the Company receives orders for equipment work from the parent company, and in entering into such transactions, the Company makes decisions, bearing in mind that the order price will not be significantly lower than that for ordinary transactions with third parties, for example, by presenting an estimated price taking into account the profitability of the Company and determining the order price through negotiations on each occasion. (omitted) Transaction with parent companies, etc. that have a significant impact on business operations are reported to the Company's board of directors, and upon receiving such a report, the board of directors makes a judgment taking into account the above policy in consideration of the profitability of the Company."

As stated in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest " under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" above, the Company has taken measures to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price, and the Company believes that these measures comply with the above-mentioned guidelines.

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

Please see "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation " above.

(3) Outline of the Opinions Procured from a Person Having No Interest in the Controlling Shareholder with Respect to the Fact that the Transactions are not Disadvantageous to the Minority Shareholders

As described in "(II) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Special Committee" under "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest " under "3. Grounds for Amount of Money Expected to be Delivered to Shareholders Resulting from Fractional Share Treatment for Share Consolidation" above, the Company has received the Advisory Report from the Special Committee as of October 30, 2025, to the effect that the decision to implement the Transaction is not disadvantageous to the minority shareholders of the Company. Since the Advisory Report relates to the Transaction including the Share Consolidation, upon implementing the Share Consolidation, the Company has not obtained any opinion from any person having no interest in the controlling shareholder.

IV. Abolition of the Provision Regarding the Number of Shares Per Unit

1. Reason for Abolition

Because if the Share Consolidation becomes effective, the total number of issued shares of the Company will be 33 shares, and there will be no need to provide for the number of shares per unit.

2. Scheduled Date of Abolition

March 5, 2026 (scheduled)

3. Conditions for Abolition

Such abolition is subject to the condition that the proposal on the Share Consolidation and the proposal on partial amendments to the Articles of Incorporation concerning abolishment of the provision on the number of shares per unit (Please see "V. Partial Amendments to the Articles of Incorporation" below) are approved as proposed at the Extraordinary

Shareholders Meeting, and the Share Consolidation becomes effective.

V. Partial Amendments to the Articles of Incorporation

1. Purpose of Amendments to the Articles of Incorporation

- (1) If the proposal on the Share Consolidation is approved as proposed at the Extraordinary Shareholders Meeting and the Share Consolidation becomes effective, the total number of authorized shares of the Company will be reduced to 132 shares in accordance with Article 182, Paragraph 2 of the Companies Act. In order to clarify this point, Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation will be amended on the condition that the Share Consolidation becomes effective.
- (2) If the proposal on the Share Consolidation is approved as proposed at the Extraordinary Shareholders Meeting and the Share Consolidation becomes effective, the Company Shares will be delisted, and after delisting, the Company Shares may not be traded on the Tokyo Stock Exchange. Accordingly, Article 7 (Acquisition of Own Shares) of the current Articles of Incorporation will be deleted on the condition that the Share Consolidation becomes effective, and the numbering of the remaining articles will be adjusted accordingly.
- (3) If the proposal on the Share Consolidation is approved as proposed at the Extraordinary Shareholders Meeting and the Share Consolidation becomes effective, the total number of issued shares of the Company will be 33 shares, and there will be no need to provide for the number of shares per unit. Accordingly, Article 8 (Number of Shares Per Unit) and Article 9 (Rights Relating to Shares of Less than One Share Unit) will be deleted in order to abolish the provision on the number of shares per unit of the Company Shares, which is currently 100 shares per unit, on the condition that the Share Consolidation becomes effective, and the numbering of the remaining articles will be adjusted accordingly.
- (4) If the proposal on the Share Consolidation is approved as proposed at the Extraordinary Shareholders Meeting, upon the implementation of the Share Consolidation, the Company Shares will be delisted, and the Tender Offeror and Sumitomo Electric Industries will be the sole shareholders of the Company. Therefore, the provisions concerning the record dates for annual shareholders meetings and the provisions concerning measures for electronic provision of materials for shareholders meetings will cease to be necessary. Accordingly, Article 13 (Record Date for Annual Shareholders Meeting) and Article 15 (Measures for Electronic Provision) of the current Articles of Incorporation will be deleted on the condition that the Share Consolidation becomes effective, and the numbering of the remaining articles will be adjusted accordingly.

2. Details of Amendments to the Articles of Incorporation

Details of the amendments are as follows:

(Underlined text indicates amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 1 through Article 5 (Omitted)	Article 1 through Article 5 (Unchanged)
Article 6 (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>73,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>132</u> shares.
<u>Article 7 (Acquisition of Own Shares)</u> <u>Pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, the Company may acquire own shares through market transactions, etc. upon resolution of the board of directors.</u>	(Deleted)
<u>Article 8 (Number of Shares per Unit)</u> <u>The number of shares per unit of the Company shall be 100.</u>	(Deleted)

<p><u>Article 9 (Rights Relating to Shares of Less than One Share Unit)</u></p> <p>1. <u>No shareholder of the Company may exercise any rights relating to shares of less than one share unit other than those prescribed below:</u></p> <p>(1) <u>The rights listed in each item of Article 189, Paragraph 2 of the Companies Act;</u></p> <p>(2) <u>The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</u></p> <p>(3) <u>The right to have the allocation of shares offered and share options offered in proportion to the number of shares held by the shareholder; and</u></p> <p>(4) <u>The right to make the request set forth in the following paragraph.</u></p> <p>2. <u>A shareholder of the Company may, in accordance with the provisions of the Share Handling Regulations, request the Company to sell such number of shares as will constitute one share unit when aggregated with the shares not constituting one share unit held by the shareholder.</u></p>	<p>(Deleted)</p>
<p>Article <u>10</u> to Article <u>12</u> (Omitted)</p>	<p>Article <u>7</u> through Article <u>9</u> (Unchanged)</p>
<p><u>Article 13 (Record Date for Annual Shareholders Meeting)</u></p> <p><u>The record date for voting rights at an annual shareholders meeting of the Company shall be March 31 of each year.</u></p>	<p>(Deleted)</p>
<p>Article <u>14</u> (Omitted)</p>	<p>Article <u>10</u> (Unchanged)</p>
<p><u>Article 15 (Measures for Electronic Provision)</u></p> <p>1. <u>Upon convening a shareholders meeting, the Company shall take measures for electronic provision of the information contained in the reference documents for the shareholders meeting.</u></p> <p>2. <u>The Company may choose not to state all or part of the matters for which measures for electronic provision are taken, as prescribed by the applicable Ordinance of the Ministry of Justice, in the documents to be delivered to the shareholders who have requested the delivery in writing by the record date for voting rights.</u></p>	<p>(Deleted)</p>
<p>Article <u>16</u> to Article <u>37</u> (Omitted)</p>	<p>Article <u>11</u> through Article <u>32</u> (Unchanged)</p>

3. Schedule

Date of the shareholders meeting to amend the Articles of Incorporation: February 9, 2026 (scheduled)

Effective date of the amendments to the Articles of Incorporation: March 5, 2026 (scheduled)

4. Conditions for Amendments to the Articles of Incorporation

Such amendments are subject to the condition that the proposal on the Share Consolidation is approved as proposed at the Extraordinary Shareholders Meeting and the Share Consolidation becomes effective.