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Securities Code: 3526

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To Our Shareholders:

Hiromasa Zaitsu, Representative Director and President

Ashimori Industry Co., Ltd.

11-61, Senrioka 7-chome, Settsu, Osaka, Japan

Notice of Extraordinary General Meeting of Shareholders

You are hereby notified that an Extraordinary General Meeting of Shareholders of Ashimori Industry Co., Ltd. (the "Company") will be held as described below.

When convening this Extraordinary General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the website. Please access either of the websites to review the information.

The Company's website:

<https://www.ashimori.co.jp/ir/library/meeting/> (in Japanese)

Website for informational materials for the General Meeting of Shareholders:

<https://d.sokai.jp/3526/25294457/> (in Japanese)

In addition to posting items subject to measures for electronic provision on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the internet address shown below, enter "Ashimori Industry" in "Issue name (company name)" or the Company's securities code "3526" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]."

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by post) or via the Internet, etc. Please review the reference documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Monday, January 26, 2026 by referring to the "Information on how to exercise your voting rights" listed on pages 3 to 4 of this notice (in Japanese only).

- 1. Date and Time:** Tuesday, January 27, 2026 at 10:00 a.m. (JST) (Reception opens at 9:00 a.m.)
- 2. Venue:** First meeting room of the main building of the Company's Head Office & Osaka Plant
11-61, Senrioka 7-chome, Settsu, Osaka, Japan

3. Purposes:

Items to be resolved:

Proposal No. 1

Share Consolidation

In response to the results of the tender offer for the Company's shares and share acquisition rights by Toyoda Gosei Co., Ltd., in order to make Toyoda Gosei Co., Ltd. the sole shareholder of the Company, the Company requests approval to conduct a share consolidation where 2,200,872 shares of the Company's shares will be consolidated into one share, with an effective date of March 1, 2026. For details of the proposal, see pages 3 through 41 of this notice.

Proposal No. 2

Partial Amendments to the Articles of Incorporation

On the condition that Proposal No. 1 be approved and adopted as originally proposed at this Extraordinary General Meeting of Shareholders and the share consolidation become effective, the Company requests approval to amend the provisions of the Articles of Incorporation regarding the total number of authorized shares, the share unit, the record date for an Annual General Meeting of Shareholders, and the system for providing informational materials for the general meeting of shareholders in electronic format, effective March 1, 2026, the effective date of the share consolidation. For details of the proposal, see pages 42 through 43 of this notice.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- If revisions to the items subject to measures for electronic provision arise, the details of the revisions will be posted on the websites described on the previous page.
- Note that, for this Extraordinary General Meeting of Shareholders, paper-based documents stating items subject to measures for electronic provision will be delivered regardless of whether a request for delivery of such documents was made.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Share Consolidation

1. Purpose of and reason for the share consolidation

As announced in the “Notice Concerning Expression of Opinion of Support and Recommendation to Tender Share Certificates, Etc. in Relation to Tender Offer for Share Certificates, Etc. of the Company by Other Associated Company Toyoda Gosei Co., Ltd.” released by the Company on August 8, 2025 (including amendments or changes made by the “(Changes) Notice Regarding Changes to the ‘Notice Concerning Expression of Opinion of Support and Recommendation to Tender Share Certificates, Etc. in Relation to Tender Offer for Share Certificates, Etc. of the Company by Other Associated Company Toyoda Gosei Co., Ltd.’” released on September 24, 2025, and the “(Changes) Notice Regarding Changes to the ‘Notice Concerning Expression of Opinion of Support and Recommendation to Tender Share Certificates, Etc. in Relation to Tender Offer for Share Certificates, Etc. of the Company by Other Associated Company Toyoda Gosei Co., Ltd.’” released on October 16, 2025; the “Company’s Press Release”), Toyoda Gosei Co., Ltd. (the “Tender Offeror”) has decided to conduct a tender offer (the “Tender Offer”) for the Company’s shares and the Share Acquisition Rights (Note 1), as part of transactions aimed at acquiring all of the Company’s shares listed on the Standard Market of the Tokyo Stock Exchange, Inc. (the “TSE”; including the Company’s shares to be delivered upon exercise of the Share Acquisition Rights, but excluding the Company’s shares owned by the Tender Offeror and treasury shares owned by the Company) and all of the Share Acquisition Rights and making the Company a wholly owned subsidiary of the Tender Offeror (the “Transactions”).

(Note 1) “Share Acquisition Rights” collectively refers to the share acquisition rights listed in 1) through 4) below.

- 1) Share acquisition rights issued based on the resolution of the Company Board of Directors meeting held on May 12, 2017 (the “Series 1 Share Acquisition Rights”; exercise period from July 1, 2017 to June 30, 2027), ¥41,390 per unit
- 2) Share acquisition rights issued based on the resolution of the Company Board of Directors meeting held on May 11, 2018 (the “Series 2 Share Acquisition Rights”; exercise period from June 30, 2018 to June 29, 2028), ¥41,390 per unit
- 3) Share acquisition rights issued based on the resolution of the Company Board of Directors meeting held on May 10, 2019 (the “Series 3 Share Acquisition Rights”; exercise period from June 25, 2019 to June 24, 2029), ¥41,390 per unit
- 4) Share acquisition rights issued based on the resolution of the Company Board of Directors meeting held on May 12, 2023 (the “Series 4 Share Acquisition Rights”; exercise period from June 27, 2023 to June 26, 2033), ¥41,390 per unit

As announced in the “Notice Regarding Result of Tender Offer for Share Certificates, Etc. of the Company by Other Associated Company Toyoda Gosei Co., Ltd. and Change in Parent Company” released by the Company on October 31, 2025, the Tender Offeror conducted the Tender Offer from August 12, 2025 to October 30, 2025, and as a result, as of November 6, 2025, came to own 3,699,568 shares of the Company’s shares (voting rights ownership ratio (Note 2): 61.34%).

(Note 2) “Voting rights ownership ratios” refers to the ratio of the Company’s shares to the number of shares obtained by adding the number of the Company’s shares underlying the 659 share acquisition rights remaining as of September 30, 2025 (6,590 shares), to the total number of issued shares of the Company as of September 30, 2025 (6,056,939 shares), as stated in the “Summary of Consolidated Financial Results for the Six Months Ended September 30, 2025 (Based on Japanese GAAP)” released by the Company on November 7, 2025, and then subtracting the number of treasury shares owned by the Company as of September 30, 2025 (31,875 shares) from that total (6,063,529 shares), resulting in 6,031,654 shares (rounded to the second decimal place).

As stated above, the Tender Offer was successfully completed. However, the Tender Offeror could not acquire all of the Company's shares through the Tender Offer, and thus requested the Company to conduct a share consolidation (the "Share Consolidation") in order to make the Tender Offeror the sole shareholder of the Company. Therefore, as described in "(5) Policy for organizational restructuring, etc. after the Tender Offer (matters concerning so-called two-step acquisition)" in "3. Details of and Grounds and Reasons for Opinion on the Tender Offer" in the Company's Press Release, the Company has decided to conduct the Share Consolidation, in which 2,200,872 shares of the Company's shares will be consolidated into one share, subject to the approval of the shareholders at this Extraordinary General Meeting of Shareholders. After the Share Consolidation, the number of the Company's shares owned by shareholders other than the Tender Offeror will become a fraction less than one share.

The details of the purpose and background of the Transactions, including the Share Consolidation, are as announced in the Company's Press Release, and an overview is provided below again. Of the descriptions below, descriptions of the Tender Offeror are based on their explanations. Note that the "ownership ratio" refers to, in line with the Company's Press Release, etc., the ratio of the Company's shares to the number of shares obtained by adding the number of the Company's shares underlying the 659 Share Acquisition Rights reported to the Tender Offeror as remaining as of June 30, 2025 (6,590 shares), to the total number of issued shares of the Company as of June 30, 2025 (6,056,939 shares), resulting in a share count of 6,063,529 shares, and then subtracting the number of treasury shares (35,891 shares), resulting in 6,027,638 shares (the "Total Number of Shares (Fully Diluted Basis)"; the ratio is rounded to the second decimal place). The same applies to the description of ownership ratios below, unless otherwise specified.

(1) Background, purpose, and decision-making process leading to the Tender Offeror's decision to conduct the Tender Offer

According to the Tender Offeror's disclosure, the Tender Offeror has its roots in the rubber research department established in 1934 in the automotive division of Toyoda Automatic Loom Works, Ltd. (currently Toyota Industries Corporation), and it was incorporated in June 1949 as Nagoya Rubber Co., Ltd. In August 1973, it changed its name to Toyoda Gosei Co., Ltd., and it was listed on the Second Section of the Nagoya Stock Exchange in December 1978. Subsequently, in October 1983, the Tender Offeror transferred its listing to the First Section of the Nagoya Stock Exchange, and in March 1999, it listed on the First Section of the TSE. Furthermore, in April 2022, following a restructuring of the market segments of the TSE and the Nagoya Stock Exchange, the Tender Offeror transferred its listing to the Prime Market of the TSE and the Premier Market of the Nagoya Stock Exchange respectively, where it remains listed as of today. As of August 8, 2025, the Tender Offeror Group (which collectively refers to the Tender Offeror and its subsidiaries and affiliates; the same applies below) consists of the Tender Offeror, 52 subsidiaries, and 8 affiliates, including the Company. Since its founding, based on its synthetic rubber and plastic mixing technology, the Tender Offeror has demonstrated its collective strength in areas ranging from development to production and sales and has provided products and services mainly related to automotive parts. The Tender Offeror Group is engaged in businesses mainly relating to automotive parts, in which it manufactures and sells safety systems, interiors and exteriors, functional components, and weatherstrips, and its main customers are Japanese and foreign automobile and automotive parts manufacturers. In August 2023, it announced the 2030 Business Plan as a Medium to Long-Term Management Plan to achieve sustainable business growth in the future through the provision of social value in response to changes in mobility society, aiming to "Become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living," and aims to deliver value to society such as peace of mind and safety centered on safety systems, comfort based on interior and exterior components, and decarbonization through new businesses for polymer materials.

Meanwhile, the Company's roots date back to November 1878, when Buhei Ashimori began manufacturing cotton power transmission ropes, and it was incorporated as Ashimori Rope Works in December 1935. In May 1944, the Company changed its name to Ashimori Industry Co., Ltd., following which it was listed on the First Section of the Osaka Securities Exchange in January 1950 and the First Section of the TSE in December 1961. Due to the management integration of the TSE and the Osaka Securities Exchange on November 20, 2011, the Company was listed only on the TSE, and following a market reorganization by the TSE on April 4, 2022, the Company was transferred to the Prime Market of the TSE, and it was transferred again to the Standard Market of the TSE in October 2023, where it remains listed at present.

As of August 8, 2025, the Company and its subsidiaries (collectively the “Group”) are engaged in businesses in two segments, the automotive safety systems business and the high performance products business. In the automotive safety systems business, the Group manufactures and sells mainly automotive seatbelts, airbags, rear cargo covers, electric rear sunshades (this refers to an electric sunshade attached to the rear window of a car’s rear seat), and other products, while in the high performance products business, the Group manufactures and sells mainly high-performance fabrics, fire hoses, and other products and is engaged in manufacturing, selling, and installing pipe repair hoses. As a set of guidelines to achieve its management goals, the Company has established the company creed of placing a high value on trust and striving for the utmost reliability, maintaining a vibrant company based on harmony and open-mindedness, and being creative and contributing to society through its business activities. Under this Company Creed, the Company has positioned business trust and reliability as the foundations of its management and has worked to establish a stable management base from a long-term perspective, and it maintains a basic philosophy of contributing to society through its business activities by using its excellent development and technological capabilities to create a variety of new products.

According to the Tender Offeror’s disclosure, in regard to the capital relationship between the Tender Offeror and the Company, in May 2021, the Tender Offeror entered into a capital and business alliance agreement with the Company and acquired 834,100 shares of the Company’s shares (13.89% of all issued common shares excluding treasury shares at that time). In the safety systems business, by utilizing the business assets and know-how of both companies, the Tender Offeror and the Company established a framework for collaboration in areas such as technological development, production, and purchasing, and since then, they have aimed to increase their competitiveness through synergies. Subsequently, in order to advance and accelerate its collaborative relationship with the Company, the Tender Offeror acquired an additional 869,400 shares of the Company’s shares (14.48% of all issued common shares excluding treasury shares at that time) in November 2023, thereby strengthening the capital and business alliance with the Company. The Tender Offeror thereby came to hold 1,703,500 shares of the Company’s shares (28.37% of all issued common shares excluding treasury shares at that time), and the Company became an equity-method affiliate of the Tender Offeror. Under this new capital and business alliance, the Tender Offeror has worked to strengthen synergies in the areas of development and design, sales, procurement, and production, aiming to become a system supplier that can propose and provide a total range of safety systems.

According to the Tender Offeror, in the market environment surrounding automotive safety parts, as the automotive market itself is approaching a major turning point with the progress of electrification and automated driving, it is necessary to optimize safety systems in accordance with the change in vehicle body structure from internal combustion engine vehicles to electric vehicles and to study new passenger protection designs based on the premise that no one is driving. In particular, there is an increasing need for optimal control of airbags and seatbelts as a set, and customers have increasingly high expectations for proposals for both airbag and seatbelt products as a single system, and it has been decided that collision safety evaluations will be expanded to commercial vehicles from fiscal year 2028 (National Agency for Automobile and Land Transport Technology, “Partial Amendment to the Rules and Regulations for Inspections (35th Amendment)” (March 29, 2021)). In order to address these new demands and regulatory requirements, the Tender Offeror believes it is necessary to develop airbag and seatbelt sets in a shorter amount of time. Under the current framework of the capital and business alliance, although the Tender Offeror recognizes that results are steadily being achieved, the development strategies of the two companies are not entirely unified, and the Tender Offeror believes that there are aspects in regard to which the two companies are not fully able to sufficiently and rapidly respond to market demands. Amid these circumstances, under the current relationship with the Company in which it is an equity-method affiliate of the Tender Offeror, a certain amount of time is necessary when coordinating matters such as important strategic decisions, and the Tender Offeror believes that by making the Company a wholly owned subsidiary to achieve more unified collaboration, it will be possible to increase the speed of decision making and respond in a more timely manner to customer demands and market changes. In addition, in relation to the pipeline automatic lining system (PALTEM) business in particular within the Company’s high performance products business, society’s interest in pipeline rehabilitation business has grown in recent years, as has the significance of such projects. According to a survey by the Ministry of Land, Infrastructure, Transport and Tourism (Ministry of Land, Infrastructure, Transport and Tourism,

“Maintenance of Sewerage Systems,” website address:

https://www.mlit.go.jp/mizukokudo/sewerage/crd_sewerage Tk_000135.html), the total length of sewer pipes in Japan as of the end of fiscal year 2023 was approximately 500,000 km (excluding urban rain drainage pipes). The length of pipes that have exceeded the standard lifespan of 50 years has already reached approximately 40,000 km (approximately 7% of total pipe length), and it is expected to increase rapidly in the future, reaching approximately 100,000 km (approximately 20% of total pipe length) in ten years (the end of fiscal year 2033) and approximately 210,000 km (approximately 42% of total pipe length) in twenty years (the end of fiscal year 2043). Given this increase in needs, the Tender Offeror recognizes that in attempting to resolve this social issue, the Company’s pipeline rehabilitation business have an opportunity to further contribute to society and expand business. The Tender Offeror also views the Company’s high performance products business, which includes the PALTEM business, as a business that provides both social value and economic value in the form of peace of mind, safety, and comfort, which is a goal that the Tender Offeror seeks to achieve under its medium- and long-term business plan, and by making the Company a wholly owned subsidiary, the Tender Offeror believes that it can support further resolutions to social problems and business growth by providing the Company with its management resources and its quality control methods, production technologies, know-how, and other resources that it has developed over many years in the automotive parts industry.

Under these circumstances, while the Company has an opportunity to achieve extremely large growth in both of its businesses, in March 2025, the Tender Offeror came to recognize that in order to seize that opportunity more flexibly and quickly, it is necessary to promote a more integrated and flexible information exchange and swift decision-making with the Company in order to generate synergies such as those described in (i) and (ii) below, however, given the current investment ratio, and that the Company is a listed company and must operate its business with due consideration of the interests of minority shareholders, and furthermore, considering that not all interests are aligned and that costs and operational burdens associated with maintaining a listed status have been increasing in recent years, it would be effective for the Company to strengthen and improve its systems and secure further resources by becoming a wholly owned subsidiary of the Tender Offeror. The specific synergies that the Tender Offeror anticipates through the Transactions are as follows.

(i) Maximizing effects of integration in safety systems business

(i-1) Accelerating decision making and unifying development strategies

In the Tender Offeror’s 2030 Business Plan, it has established a basic policy of pursuing the potential of polymers, aiming to become a company that connects better mobility and lifestyles to the future, and is committed to providing value in the areas of “safety and security,” “comfort,” and “decarbonization,” and to balancing social and economic value. The Tender Offeror has positioned its safety systems business as a growth area, with the aim of evolving into a comprehensive supplier of safety systems, as the core of the value it provides in terms of “safety and security.” Under the current relationship with the Company in which it is an equity-method affiliate of the Tender Offeror, a certain amount of time is necessary when coordinating matters such as important strategic decisions, and the Tender Offeror believes that by making the Company a wholly owned subsidiary to achieve more unified collaboration, it will be possible to increase the speed of decision making and respond in a more timely manner to customer demands and market changes. Specifically, the Tender Offeror wishes to further accelerate the speed of airbag development, fully unify development strategies for seatbelts, and promptly implement a comprehensive approach to safety systems under development goals shared by both companies. By doing so, the Tender Offeror believes it will be able to provide products with higher added value for customers and to satisfy higher customer expectations.

(i-2) Optimizing management resources

The Tender Offeror intends to optimize management resources by both companies efficiently utilizing each other’s development personnel and production facilities. By combining the Company’s knowledge of seatbelt technologies and the Tender Offeror’s knowledge of airbag technologies, the Tender Offeror believes that it will be possible to develop innovative safety systems that were previously difficult to achieve, and that by doing so, it will be able to respond quickly and effectively to rapidly increasing safety system development demands and to achieve system development in short timeframes, particularly in preparation for the important junction of fiscal year 2028, when collision safety evaluations will be expanded to commercial vehicles. Furthermore, as automotive safety technologies are becoming increasingly advanced and are required to link with automated driving technologies, the Tender Offeror

believes that by strengthening collaboration between the development framework of each company, it will be able to accelerate its efforts to create next-generation safety technologies, such as joint controls for airbags and seatbelts and predictive safety systems that use computer aided engineering (CAE) technology to predict, reproduce and analyze human behavior, injuries and related physical phenomena on a computer when a traffic accident occurs.

(ii) Supporting further growth of high performance products business

(ii-1) Increasing economic value

After the Transactions, the Tender Offeror intends to position the Company's high performance products business as an important pillar of the new businesses of the Tender Offeror Group that provides both social value and economic value in the form of peace of mind, safety, and comfort, and the Tender Offeror wishes to aid in the Company's business growth by providing comprehensive support in improving production efficiency and in regard to management resources. Specifically, the Tender Offeror, which traces its pedigree to the Toyota group, itself rooted in fiber looms, believes that the underlying technologies, intellectual property, and other assets related to manufacturing and new business development that it has cultivated can be leveraged in the Company's high performance products business, centered around its PALTEM business. In addition, by applying the quality control methods, production technologies, and know-how that it has developed over many years in the automotive parts industry, and by providing support with the aim of strengthening the existing quality control methods, production technology, and know-how in the Company's high performance products business domain, the Tender Offeror believes that it can contribute to further stabilizing production quality and increasing cost competitiveness in the Company's high performance products business.

(ii-2) Further enhancing social value

The Tender Offeror recognizes that the Company has excellent fundamental technologies such as development capabilities and know-how that have been cultivated over its long history, and believes that by combining these with the management resources of the Tender Offeror, such as human resources and financial strength, it will be possible to fulfill a significant role in resolving the deterioration of basic utilities and services necessary for everyday life, a social issue which the Tender Offeror regards as important, enacting measures to prevent disasters in Japan, which the Tender Offeror recognizes as having many natural disasters, and maintaining various industrial infrastructures such as those for distribution. Through these activities, the Tender Offeror believes it will be able to further contribute to achieving a society of peace of mind, safety, and comfort together with the Company and further enhance the social value provided by the Tender Offeror Group.

The Tender Offeror recognizes that one of the general disadvantages of taking the shares of the Company private is that it will no longer be able to raise funds through equity financing from capital markets, and that it may lose the advantages it has enjoyed as a listed company in terms of name recognition, social credibility, and recruitment of human resources and in addition to taking the shares private, the Tender Offeror is aware of the disadvantages associated with the loss of capital ties with existing shareholders and inclusion in the Tender Offeror Group, including the potential effects on stakeholders such as employees, business partners, and members of the PALTEM Technology Association (cooperative construction companies). However, the Tender Offeror believes that after the Transactions are implemented the Company can expect to be able to secure necessary financing by utilizing the Tender Offeror Group's financial strength and benefit from the name recognition and creditworthiness as a group company of the Tender Offeror, which is a listed company. Additionally, the Tender Offeror recognizes that the Company has already established a substantial business foundation through the conduct of its business activities to date, including certain brand power, name recognition, and creditworthiness, and even after the Company's shares are taken private and the Company is included in the Tender Offeror Group, the Tender Offeror will prioritize leveraging the current management structure to enhance the social value of each existing business, as well as maintaining the company name, brand (especially the high performance products business), employment, and compensation conditions as a basic policy, and by jointly explaining to stakeholders the post-Transactions policy with the Company, the Tender Offeror believes that it can not only prevent adverse effects on stakeholders but also contribute to further improvements in corporate image and brand strength in the medium to long term. Therefore, based on these factors, the Tender Offeror believes that the disadvantages of taking the Company's shares private through the Transactions, loss of capital relationship with existing shareholders and inclusion in the Tender Offeror Group are limited.

Based on the above awareness and beliefs, the Tender Offeror began seriously considering the Transactions, and on March 3, 2025, it made a non-legally binding initial proposal regarding the

Transactions to the Company, stating the purpose of the Transactions, a proposed schedule, and requests to the Company aimed at earnest consideration of the Transactions by the two companies, requesting it to specifically consider the Transactions. Subsequently, on April 21, 2025, the Tender Offeror appointed Houlihan Lokey Co., Ltd. (“Houlihan Lokey”) as its financial advisor and third-party appraiser and on March 13, 2025, Mori Hamada & Matsumoto Foreign Law Joint Enterprise (“Mori Hamada & Matsumoto”) as its legal advisor, each independent from the Tender Offeror and the Company, and established a system for considering the Transactions. Following that, from April 23, 2025 to June 12, 2025, the Tender Offeror conducted due diligence to carefully examine the feasibility of the Transactions, and taking into account the results of due diligence and other matters, on June 27, 2025, the Tender Offeror submitted a formal proposal (the “June 27th Proposal”) to the Company regarding the Transactions, which included a proposal regarding the purchase price per share of the Company’s shares in the Tender Offer (the “Tender Offer Price”), on the assumption of no distribution of an interim dividend or year-end dividend for the fiscal year ending March 31, 2026. Thereafter, the Tender Offeror has engaged in repeated discussions and negotiations regarding the terms and conditions of the Transactions, including the Tender Offer Price.

Specifically, on June 13, 2025, the Tender Offeror received written questions from the Company and the Special Committee (as defined in “(i) Background to the establishment of the examination framework” in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” below) regarding the significance and purpose of the Transactions, and on June 27, 2025, the Tender Offeror responded to those questions in writing, including responses regarding the significance and purpose of the Transactions and the benefits to be enjoyed by the stakeholders of the Group through the Transactions, the management policy after the Transactions and the assumed structure of the Transactions. In addition, at the 11th meeting of the Special Committee held on July 9, 2025, the Tender Offeror provided explanations to the Company and the Special Committee regarding its responses to the above questions and the significance and purpose of the Transactions, following which the Tender Offeror answered further questions about those matters and exchanged opinions with the Company and the Special Committee regarding the significance and purpose of the Transactions, the synergies expected to be created through the Transactions, and the management structure and business policies after the Transactions. In addition, on July 16, 2025, the Tender Offeror had a meeting with the Company and the Special Committee (the “July 16, 2025 Meeting”) and provided additional explanations regarding the synergies expected to be created through the Transactions, and the management structure and business policies after the Transactions. On July 25, 2025, the Company disclosed to the Tender Offeror that it expects to incur extraordinary losses of approximately ¥527 million for product warranty loss on a consolidated basis for the three months ended June 30, 2025, which is still currently being aggregated and investigated, in its automotive safety systems business in the first quarter of the fiscal year ending March 31, 2026, as estimated costs associated with the Company’s customers extending the warranty period last year for products manufactured by the Company in the past, and the extension of such warranty by the Company’s customers (service campaign). Since then, the Tender Offeror had confirmed with the Company the details of the extraordinary losses and the circumstances of its occurrence, and on August 5, 2025, the Tender Offeror held an interview with the Company and received further explanations regarding these matters. The Tender Offeror confirmed that no events other than the extraordinary losses have occurred that would affect the Group’s consolidated earnings forecast for the fiscal year ending March 31, 2026 stated in the “Summary of Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)”, released by the Company on May 13, 2025, and that there are no changes to the business plan.

In addition, in the June 27th Proposal, the Tender Offeror made a proposal to the Company (i) to set the Tender Offer Price at ¥3,700 (which represents a premium of 25.68% (rounded to two decimal places; the same applies below in regard to the calculation of premium rates) on ¥2,944, the closing price of the Company’s shares on the Standard Market of the TSE on June 26, 2025, the business day preceding the date of the proposal, a premium of 35.18% on ¥2,737 (rounded to the nearest whole yen; the same applies below in regard to the calculation of simple average closing prices), the simple average closing price for the one-month period ending on that date, a premium of 37.14% on ¥2,698, the simple average closing price for the three-month period ending on that date, and a premium of 32.95% on ¥2,783, the simple average closing price for the six-month period ending on that date) and (ii) to set the purchase price per Share Acquisition Right for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights (the “Share Acquisition Rights Tender Offer Price”) at the price calculated by multiplying (a) the difference between the Tender Offer Price of ¥3,700 and the exercise price per share of the Company’s shares under each Share Acquisition Right by (b) the number of the Company’s shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 3, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price as they were

insufficient from the perspectives of protecting the Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Company. Taking that request into account, on July 7, 2025, the Tender Offeror made another proposal to the Company and the Special Committee (i) to set the Tender Offer Price at ¥3,800 (which represents a premium of 35.04% on ¥2,814, the closing price of the Company's shares on the Standard Market of the TSE on July 4, 2025, the business day preceding the date of the proposal, a premium of 33.66% on ¥2,843, the simple average closing price for the one-month period ending on that date, a premium of 40.74% on ¥2,700, the simple average closing price for the three-month period ending on that date, and a premium of 36.20% on ¥2,790, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of ¥3,800 and the exercise price per share of the Company's shares under each Share Acquisition Right by (b) the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 11, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price as they were insufficient from the perspectives of protecting the Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Company. In response to that request, on July 15, 2025, the Tender Offeror made another proposal to the Company and the Special Committee (i) to set the Tender Offer Price at ¥3,900 (which represents a premium of 37.96% on ¥2,827, the closing price of the Company's shares on the Standard Market of the TSE on July 14, 2025, the business day preceding the date of the proposal, a premium of 35.65% on ¥2,875, the simple average closing price for the one-month period ending on that date, a premium of 43.68% on ¥2,720, the simple average closing price for the three-month period ending on that date, and a premium of 39.44% on ¥2,797, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of ¥3,900 and the exercise price per share of the Company's shares under each Share Acquisition Right by (b) the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 18, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price as they were still insufficient from the perspectives of protecting the Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Company. Taking that request into account, on July 22, 2025, the Tender Offeror submitted a written response to the Company and the Special Committee stating that while the Tender Offeror would consider revising the terms and conditions of the prices in good faith, the Tender Offeror was not able to present a new tender offer price at present and desired to confirm more specific background details and reasons for the decision relating to the response dated July 18, 2025 in order for the Tender Offeror to further examine raising the proposed price for the Tender Offer. In response, on July 23, 2025, the Tender Offeror was requested by the Special Committee to reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price fully taking into account the synergies expected to be created upon the successful completion of the Transactions and the growth potential of the PALTEM business. Taking that request into account, on July 25, 2025, the Tender Offeror made another proposal to the Company and the Special Committee (i) to set the Tender Offer Price at ¥4,000 (which represents a premium of 38.60% on ¥2,886, the closing price of the Company's shares on the Standard Market of the TSE on July 24, 2025, the business day preceding the date of the proposal, a premium of 40.52% on ¥2,852, the simple average closing price for the one-month period ending on that date, a premium of 45.72% on ¥2,745, the simple average closing price for the three-month period ending on that date, and a premium of 45.72% on ¥2,745, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of ¥4,000 and the exercise price per share of the Company's shares under each Share Acquisition Right by (b) the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 30, 2025, the Tender Offeror was requested by the Special Committee to consider setting the Tender Offer Price and the Share Acquisition Rights Tender Offer Price at ¥4,140 or more per share, as they were not necessarily sufficient, even though they could be evaluated to a certain degree from the perspectives of protecting the Company's minority shareholders and fulfilling the Special Committee's duty of accountability as a special committee of the Company. In response to that request, on August 5, 2025, the Tender Offeror submitted a written response to the Company and the Special Committee making a final proposal (i) to set the Tender Offer Price at

¥4,140 (which represents a premium of 46.39% on ¥2,828, the closing price of the Company's shares on the Standard Market of the TSE on August 4, 2025, the business day preceding the date of the proposal, a premium of 46.34% on ¥2,829, the simple average closing price for the one-month period ending on that date, a premium of 49.78% on ¥2,764, the simple average closing price for the three-month period ending on that date, and a premium of 47.44% on ¥2,808, the simple average closing price for the six-month period ending on that date) and (ii) to set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights, and Series 4 Share Acquisition Rights at the price calculated by multiplying (a) the difference between the Tender Offer Price of ¥4,140 and the exercise price per share of the Company's shares under each Share Acquisition Right by (b) the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right.

In response, on August 6, 2025, the Tender Offeror received a response from the Special Committee stating that, although a formal decision by the Company would require approval at the Company Board of Directors meeting scheduled to be held on August 8, 2025, the Special Committee plans to express an opinion in support of the Tender Offer at the Tender Offer Price of ¥4,140 proposed by the Tender Offeror, and recommend that the shareholders of the Company and Share Acquisition Rights holders tender their share certificates, etc. in the Tender Offer.

As a result of the above consideration, discussions and negotiations, the Tender Offeror and the Company agreed (i) to set the Tender Offer Price at ¥4,140 and (ii) to set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, Series 2 Share Acquisition Rights, Series 3 Share Acquisition Rights and Series 4 Share Acquisition Rights at the price of ¥41,390, which is calculated by multiplying (a) the difference between the Tender Offer Price of ¥4,140 and the exercise price per share of the Company's shares under each Share Acquisition Right by (b) the number of the Company's shares to be delivered upon exercise under each Share Acquisition Right. Accordingly, the Tender Offeror resolved at its board of directors meeting held on August 8, 2025 to conduct the Tender Offer as part of the Transactions.

Subsequently, the Tender Offeror commenced the Tender Offer from August 12, 2025, with September 24, 2025, as the final day of the tender offer period (the "Initial Tender Offer Period"), but as a result of comprehensively considering and carefully studying the status of tendering and the outlook for future tendering in the Tender Offer by the Company's shareholders and Share Acquisition Rights holders, on September 24, 2025, the Tender Offeror decided to extend the period for acquiring share certificates, etc. in the Tender Offer until October 16, 2025 and to make the tender offer period be a total of 45 business Days in order to provide the Company's shareholders and Share Acquisition Rights holders with a further opportunity to make a decision about tendering in the Tender Offer. The Tender Offeror considers the Tender Offer Price of ¥4,140 to fully reflect the Company's value and to provide a reasonable opportunity to the Company's shareholders to sell the common shares of the Company, so the Tender Offeror announced that it will not change the Tender Offer Price.

Furthermore, based on the market price of the Company's shares moving at a level above the Tender Offer Price (¥4,140) during some periods after the announcement of the Tender Offer, and notwithstanding that, the total number of the tendered share certificates, etc. as of 3:30 p.m. (JST) on September 24, 2025, which is the final day of the Initial Tender Offer Period, being 2,111,226 shares, which is a level close to the minimum number of share certificates, etc. to be purchased (ownership ratio: 35.03%; the number of shares that is the sum of adding the 1,703,500 shares of the Company's shares owned by the Tender Offeror and the 6,800 shares that is the number found by multiplying the number of voting rights pertaining to the restricted stock held by the Company's Directors by the Company's number of shares constituting one unit is 3,821,526 shares (ownership ratio: 63.40%)) and the Tender Offeror having concluded that most of the Company's shareholders support the intent of the Tender Offer, etc., at the beginning of October 2025, for the purpose of increasing the certainty of a successful completion of the Tender Offer, the Tender Offeror studied the possibility of lowering the minimum number of share certificates, etc. to be purchased to an extent that would not give rise to an obstacle to taking the Company's shares private.

Through this study, the Tender Offeror came to believe that, although the number of voting rights that would actually be exercised at this Extraordinary General Meeting of Shareholders is unknown, assuming the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past three fiscal years to be 73.91% (2023) and the exercise at this Extraordinary General Meeting of Shareholders of all of the voting rights pertaining to the Company's shares held by the Tender Offeror and the 1,137,000 shares of the Company's shares (ownership ratio: 18.86%) held as of September 30, 2025 by Mr. Takateru Murakami, Kabushiki Kaisha MI2, Kabushiki Kaisha MI5, and Kabushiki Kaisha MI1 (collectively, the "Large Shareholder Group"), it is reasonable to conclude that the number of voting rights found by multiplying by the voting rights ratio of two-thirds that is required to pass a special resolution of a general meeting of shareholders the number of voting

rights held by the Tender Offeror and the Large Shareholder Group added to the number of voting rights found by multiplying by 73.91%, which is the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past three fiscal years, the number of voting rights held by other general shareholders found by subtracting the number of voting rights held by the Tender Offeror and the Large Shareholder Group from the number of voting rights pertaining to the Total Number of Shares (Fully Diluted Basis), would be the level required to pass a proposal pertaining to a share consolidation at this Extraordinary General Meeting of Shareholders, and if the minimum number of share certificates, etc. to be purchased in the Tender Offer were made the number found by multiplying that number of voting rights by 100, which is the Company's number of shares constituting one unit, it would be possible, while reasonably preventing the possibility of a situation occurring in which a proposal pertaining to a share consolidation does not pass at this Extraordinary General Meeting of Shareholders, to increase the certainty of successfully completing the Tender Offer. Having concluded the study as set forth above, on October 6, 2025, along with the results of the above study, the Tender Offeror made a proposal to the Company and the Special Committee to the effect that it wishes to make the minimum number of share certificates, etc. to be purchased the number (1,753,900 shares; ownership ratio: 29.10%) found by multiplying by 100, which is the Company's number of shares constituting one unit, the number of voting rights (17,539 voting rights) found by subtracting the number of voting rights held by the Tender Offeror (17,035 voting rights) and the number of voting rights (68 voting rights) pertaining to the restricted stock held by the Company's Directors from the number of voting rights (34,642 voting rights) found by multiplying by the voting rights ratio of two-thirds that is required to pass a special resolution of a general meeting of shareholders the number of voting rights (51,963 voting rights) found by adding the number of voting rights held by the Tender Offeror (17,035 voting rights) and the number of voting rights held by the Large Shareholder Group (11,370 voting rights) to the number of voting rights (23,558 voting rights) found by multiplying by 73.91%, which is the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past three fiscal years, the number of voting rights pertaining to the Company's shares owned by other general shareholders (31,871 voting rights) that is found by subtracting the number of voting rights (17,035 voting rights) pertaining to the number of the Company's shares owned by the Tender Offeror (1,703,500 shares; ownership ratio: 28.26%) and the number of voting rights (11,370 voting rights) pertaining to the number of the Company's shares owned by the Large Shareholder Group (1,137,000 shares; ownership ratio: 18.86%) from the number of voting rights (60,276 voting rights) pertaining to the Total Number of Shares (Fully Diluted Basis) (6,027,638 shares).

Subsequently, as a result of further study by the Tender Offeror, the Tender Offeror decided that in the calculation process for the new minimum number of share certificates, etc. to be purchased it would use as a reference 76.09% (2022) that is the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past five fiscal years, not the Company's Annual General Meetings of Shareholders in the past three fiscal years, to even further reduce the possibility of a situation occurring in which a proposal pertaining to the Share Consolidation does not pass at this Extraordinary General Meeting of Shareholders. Then, on October 14, 2025, the Tender Offeror made a proposal to the Company and the Special Committee to the effect that it wishes to make the new minimum number of share certificates, etc. to be purchased the number (1,800,100 shares; ownership ratio: 29.86%) found by multiplying by 100, which is the Company's number of shares constituting one unit, the number of voting rights (18,001 voting rights) found by subtracting the number of voting rights held by the Tender Offeror (17,035 voting rights) and the number of voting rights (68 voting rights) pertaining to the restricted stock held by the Company's Directors from the number of voting rights (35,104 voting rights) found by multiplying by the voting rights ratio of two-thirds that is required to pass a special resolution of a general meeting of shareholders the number of voting rights (52,655 voting rights) found by adding the number of voting rights held by the Tender Offeror (17,035 voting rights) and the number of voting rights held by the Large Shareholder Group (11,370 voting rights) to the number of voting rights (24,250 voting rights) found by multiplying by 76.09%, which is the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past five fiscal years, the number of voting rights pertaining to the Company's shares owned by other general shareholders (31,871 voting rights) that is found by subtracting the number of voting rights (17,035 voting rights) pertaining to the number of the Company's shares owned by the Tender Offeror (1,703,500 shares; ownership ratio: 28.26%) and the number of voting rights (11,370 voting rights) pertaining to the number of the Company's shares owned by the Large Shareholder Group (1,137,000 shares; ownership ratio: 18.86%) from the number of voting rights (60,276 voting rights) pertaining to the Total Number of Shares (Fully Diluted Basis) (6,027,638 shares).

The 2,111,226 shares (ownership ratio: 35.03%) that is the number of shares tendered in the Tender Offer as of 3:30 p.m. (JST) on September 24, 2025, which is the final day of the Initial Tender Offer Period,

exceeds the 1,800,100 shares (ownership ratio: 29.86%) that is the new minimum number of share certificates, etc. to be purchased.

In response to this, on October 14, 2025, the Special Committee indicated that as a result of careful discussions and study, even if the lowering of the minimum number of share certificates, etc. to be purchased as proposed by the Tender Offeror is carried out, it intends to maintain its opinion in support of the Tender Offer and its opinion recommending that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer. Having concluded the above study and discussions, at its board of directors meeting on October 16, 2025, the Tender Offeror decided to change the minimum number of share certificates, etc. to be purchased from 2,308,100 shares (ownership ratio: 38.29%) to 1,800,100 shares (ownership ratio: 29.86%) (the “Tender Offer Change of Conditions”). Furthermore, although the Tender Offeror had established the tender offer period as being from Tuesday, August 12, 2025 to Thursday, October 16, 2025 (45 business days), due to the submission of the amendment statement for the tender offer registration statement in conjunction with having decided the Tender Offer Change of Conditions, pursuant to laws and regulations, the Tender Offeror has extended the tender offer period until October 30, 2025, which is the day on which ten business days will have passed from October 16, 2025, which is the submission date of the amendment statement. The Tender Offeror considers the Tender Offer Price of ¥4,140 to fully reflect the Company’s value as of October 16, 2025 and to provide a reasonable opportunity to the Company’s shareholders to sell the common shares of the Company, so there will be no change of the Tender Offer Price.

Because the minimum number of share certificates, etc. to be purchased in the Tender Offer is set at 1,800,100 shares (ownership ratio: 29.86%), there is a possibility that the number of voting rights pertaining to the common shares of the Company substantially owned by the Tender Offeror after the successful completion of the Tender Offer will be less than two-thirds of all voting rights of all shareholders of the Company, and in that case, there is a possibility that a proposal pertaining to a share consolidation at this Extraordinary General Meeting of Shareholders will not be passed. However, as described above, since it is the Tender Offeror’s policy to take the Company’s shares private even in such a case, based on the status of tendering in the Tender Offer, the ownership status and characteristics of the shareholders of the Company at such time, and also trends in the market price of the Company’s shares, it is the Tender Offeror’s policy to additionally acquire the Company’s shares as promptly as is practically possible and using methods that are reasonable and practically possible for the Tender Offeror, including purchases on and off the market, etc., until reaching a level that a proposal pertaining to a share consolidation will realistically be passed at the Company’s general meeting of shareholders. Furthermore, while the Tender Offeror does not plan to price such additional acquisitions above the Tender Offer Price (¥4,140), it is the Tender Offeror’s policy to make it a reasonable price that will not be assessed as being economically disadvantageous to the Company’s common shareholders who sell in response to the additional acquisition, compared to the Tender Offer Price (¥4,140) (the same amount as the Tender Offer Price (¥4,140), unless an event occurs that requires an adjustment, such as the Company implementing a share consolidation or a share split). There are no matters that have been specifically determined at the present time regarding additional acquisitions, and also, the period of time needed until a proposal pertaining to a share consolidation is passed by the Company’s general meeting of shareholders after an addition acquisition will be impacted by trends in the market price of the Company’s common shares, etc., so at this time it is difficult to specify the definite timing, but if specific expected timing becomes clear, we will give notice thereof.

(2) Process of and reasons for the decision by the Company to support the Tender Offer

(i) Background to the establishment of the examination framework

The Company received an initial, non-binding proposal regarding the Transactions from the Tender Offeror on March 3, 2025. In response, on March 28, 2025, the Company appointed Daiwa Securities Co. Ltd. (“Daiwa Securities”) as its financial advisor and third-party appraiser, and on April 1, 2025, it appointed City-Yuwa Partners as its legal advisor, each independent from the Tender Offeror and the Group, and those appointments were ratified by a resolution of the Board of Directors of the Company at its meeting held on April 23, 2025. To ensure the fairness of the Transactions, the Company began establishing a framework for the examination, negotiations, and decision-making regarding the Transactions from a standpoint that is independent from the Tender Offeror based on advice from City-Yuwa Partners with a view to enhancing the Company’s corporate value and securing the interests of the Company’s general shareholders. Specifically, the Company began preparing for the establishment of a special committee and, by a resolution of its Board of Directors at a meeting held on April 23, 2025, established a special committee (the “Special Committee”) consisting of three members: Mr. Haruo Shimizu (Outside Director, independent officer), Mr. Kazuyoshi Furukawa (Outside Director, independent officer), and Mr. Mitsuhiro Morikawa (Outside Audit & Supervisory Board Member, independent officer). The Company consulted

with the Special Committee on the following matters (collectively, the “Consulted Matters”): (i) the validity and reasonableness of the purpose of the Transactions (including whether the Transactions would contribute to the enhancement of the Company’s corporate value); (ii) the fairness and appropriateness of the terms and conditions of the Transactions; (iii) the fairness of the procedures related to the Transactions; (iv) the appropriateness of the Company Board of Directors expressing an opinion in support of the Tender Offer and recommending that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer; and (v) whether the Transactions are fair to the general shareholders of the Company. The Company also commissioned the Special Committee to submit a report to the Company Board of Directors regarding those matters (the “Report”). In addition, in establishing the Special Committee, the Company Board of Directors resolved that (i) the decisions of the Company Board of Directors will be made with maximum respect for the judgment of the Special Committee and (ii) if the Special Committee submits a report stating that the Board of Directors should not support the Tender Offer or should not recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights, the Company Board of Directors will not express an opinion in support of the Transactions or recommend that the shareholders of the Company and the Share Acquisition Rights holders tender their shares or Share Acquisition Rights. The Board of Directors also resolved that the Board of Directors granted the Special Committee the following authority: (i) the authority to be substantively involved in the negotiation process regarding the Tender Offer Price and other terms and conditions of the Transactions by confirming policies in advance, receiving timely reports on the status of negotiations, expressing opinions, and issuing instructions or requests at key stages of the negotiations, and to directly engage in such negotiation process when necessary; (ii) the authority to approve (including after-the-fact approval) the financial advisor and legal advisor of the Company; (iii) the authority to appoint its own advisors when necessary (provided, however, that if the Special Committee determines that the advisors of the Company have a high level of expertise and independence, and that the Special Committee can rely on them for professional advice or explanations, the Special Committee may request that professional advice or explanations from the Company’s advisors, and the reasonable costs of that professional advice provided by the advisors to the Special Committee will be borne by the Company); and (iv) the authority to receive from the officers and employees of the Company and any other persons the Special Committee considers necessary any information required for the examination and evaluation of the Transactions.

In addition, at the first meeting of the Special Committee held on April 25, 2025, the Special Committee confirmed that there were no issues with respect to the independence from the Tender Offeror and the Group or the expertise and track record of Daiwa Securities, the Company’s financial advisor and third-party appraiser, and City-Yuwa Partners, the Company’s legal advisor, and it approved their appointments. Furthermore, at the first meeting of the Special Committee held on April 25, 2025, the Company established an internal framework to examine, negotiate, and make decisions regarding the Transactions from an independent standpoint from the Tender Offeror (including the scope of the Company’s officers and employees involved in the examination, negotiation, and decisions regarding the Transactions and their respective roles). The Company also obtained the approval of the Special Committee confirming that there were no issues with the independence or fairness of that framework.

(ii) Background of examinations and negotiations

Based on the above, the Company received from Daiwa Securities a report on the valuation results of the Company’s shares and advice on the negotiation policy with the Tender Offeror and other financial matters, and received advice from City-Yuwa Partners regarding measures to ensure procedural fairness in the Transactions and other legal matters. Taking that advice into account, and giving maximum deference to the opinion of the Special Committee, the Company carefully discussed and considered whether to proceed with the Transactions and whether the terms and conditions of the Transactions were appropriate.

In addition, since receiving the initial proposal regarding the Transactions from the Tender Offeror on March 3, 2025, the Company has continued to engage in discussions and negotiations with the Tender Offeror regarding the terms and conditions of the Transactions including the Tender Offer Price.

Specifically, based on the receipt of the initial proposal regarding the Transactions on March 3, 2025, the Company and the Special Committee proceeded with internal discussions and deliberations, and on June 13, 2025, submitted a written inquiry to the Tender Offeror regarding the significance and purpose of the Transactions. In response, the Tender Offeror provided a written reply to that inquiry on June 27, 2025. At the 11th meeting of the Special Committee held on July 9, 2025, the Company received from the Tender Offeror responses to that inquiry and an explanation regarding the significance and purpose of the Transactions. A question-and-answer session was conducted on those matters, followed by an exchange of views on the significance and purpose of the Transactions, the synergies that are expected to be created through the Transactions, and the management structure and business policies following the Transactions.

In addition, during a meeting held on July 16, 2025, the Company and the Special Committee received additional explanations from the Tender Offeror regarding its views on the Transactions, including the synergies expected to be generated through the Transactions and the management structure and business policies of the Company following the Transactions. On July 25, 2025, the Company disclosed to the Tender Offeror that it expects to incur extraordinary losses of approximately ¥527 million for product warranty loss on a consolidated basis for the three months ended June 30, 2025, which is still currently being aggregated and investigated, in its automotive safety systems business in the first quarter of the fiscal year ending March 31, 2026, as estimated costs associated with the Company's customers extending the warranty period last year for products manufactured by the Company in the past, and the extension of such warranty by the Company's customers (service campaign). Since then, the Company had confirmed with the Tender Offeror the details of the extraordinary losses and the circumstances of its occurrence, and on August 5, 2025, the Company held an interview with the Tender Offeror and provided further explanations regarding these matters. The Company also explained that no events other than the extraordinary losses have occurred that would affect the Group's consolidated earnings forecast for the fiscal year ending March 31, 2026 stated in the "Summary of Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)", released by the Company on May 13, 2025, and that there are no changes to the business plan.

Since June 27, 2025, the Company has had multiple rounds of negotiations with the Tender Offeror regarding the Tender Offer Price. Specifically, in light of the results of the valuation of the Company's shares conducted by Houlihan Lokey, the financial advisor, using information obtained through the due diligence conducted by the Tender Offeror on the Company and the business plan provided by the Company, the Company and the Special Committee comprehensively considered factors such as the Company's business and business conditions, recent market price trends of the Company's shares, and the anticipated number of share certificates, etc. to be tendered in the Tender Offer. As a result, on June 27, 2025, the Tender Offeror made a proposal on the Transactions, including a Tender Offer Price of ¥3,700 (which represents a premium of 25.68% on ¥2,944, the closing price of the Company's shares on the Standard Market of the TSE as of the previous business day, a premium of 35.18% on ¥2,737, the simple average closing price for the one-month period ending on that date, a premium of 37.14% on ¥2,698, the simple average closing price for the three-month period ending on that date, and a premium of 32.95% on ¥2,783, the simple average closing price for the six-month period ending on that date). The proposal also included the Share Acquisition Rights Tender Offer Price calculated by multiplying the difference between the Tender Offer Price and the exercise price per share of the Company's shares under each Share Acquisition Right by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 3, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are successfully completed, the preliminary valuation results of the Company's shares by the third-party appraiser engaged by the Company, the level of premiums in recent similar cases, and the price-to-book ratio (PBR) of the Company, the Special Committee requested that the Tender Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price on the grounds that they were not sufficient from the standpoint of protecting the minority shareholders of the Company and fulfilling the Special Committee's duty of accountability as a special committee of the Company. Following that, on July 7, 2025, the Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at ¥3,800 (which represents a premium of 35.04% on ¥2,814, the closing price of the Company's shares on the Standard Market of the TSE on July 4, 2025, the business day preceding the date of the proposal, a premium of 33.66% on ¥2,843, the simple average closing price for the one-month period ending on that date, a premium of 40.74% on ¥2,700, the simple average closing price for the three-month period ending on that date, and a premium of 36.20% on ¥2,790, the simple average closing price for the six-month period ending on that date). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, the Series 2 Share Acquisition Rights, the Series 3 Share Acquisition Rights, and the Series 4 Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of ¥3,800 and the exercise price per share of the Company's shares under each Share Acquisition Right by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 11, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are successfully completed, the preliminary valuation results of the Company's shares by the third-party appraiser engaged by the Company, the level of premiums in recent similar cases, and the price-to-book ratio (PBR) of the Company, the Special Committee requested that the Tender Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price on the grounds that they were still not sufficient from the standpoint of protecting the minority shareholders of the Company and fulfilling

the Special Committee's duty of accountability as a special committee of the Company. Following that, on July 15, 2025, the Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at ¥3,900 (which represents a premium of 37.96% on ¥2,827, the closing price of the Company's shares on the Standard Market of the TSE on July 14, 2025, the business day preceding the date of the proposal, a premium of 35.65% on ¥2,875, the simple average closing price for the one-month period ending on that date, a premium of 43.38% on ¥2,720, the simple average closing price for the three-month period ending on that date, and a premium of 39.44% on ¥2,797, the simple average closing price for the six-month period ending on that date). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, the Series 2 Share Acquisition Rights, the Series 3 Share Acquisition Rights, and the Series 4 Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of ¥3,900 and the exercise price per share of the Company's shares under each Share Acquisition Right by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 18, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are successfully completed, the preliminary valuation results of the Company's shares by the third-party appraiser engaged by the Company, the level of premiums in recent similar cases, and the price-to-book ratio (PBR) of the Company, the Special Committee requested that the Tender Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price on the grounds that they were still not sufficient from the standpoint of protecting the minority shareholders of the Company and fulfilling the Special Committee's duty of accountability as a special committee of the Company. Following that, on July 22, 2025, the Company and the Special Committee received a response from the Tender Offeror stating that, at that time, it was not in a position to propose a new tender offer price, and that in order to consider a further increase in the Tender Offer Price, an explanation of the specific background and rationale for the request for reconsideration by the Company and the Special Committee would be necessary. In response, on July 23, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are successfully completed, the preliminary valuation results of the Company's shares by the third-party appraiser engaged by the Company, the level of premiums in recent similar cases, and the price-to-book ratio (PBR) of the Company, the Special Committee reiterated its view to the Tender Offeror that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price were still not sufficient from the standpoint of protecting the minority shareholders of the Company and fulfilling the Special Committee's duty of accountability as a special committee of the Company. The Special Committee further explained that, in particular, based on the explanations received from the Tender Offeror to date, it evaluated the expected synergies in the automotive safety systems business as reasonably significant if the Transactions are successfully completed; that it believed the ideas presented by the Tender Offeror during the July 16, 2025 Meeting for supporting the high performance products business could generate positive effects; and that it believed the PALTEM business within the high performance products business has considerable growth potential. For these reasons, the Special Committee requested that the Tender Offeror reconsider the Tender Offer Price and the Share Acquisition Rights Tender Offer Price, fully taking into account the synergies expected to result from the successful completion of the Transactions and the growth potential of the PALTEM business. Following that, on July 25, 2025, the Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at ¥4,000 (which represents a premium of 38.60% on ¥2,886, the closing price of the Company's shares on the Standard Market of the TSE on July 24, 2025, the business day preceding the date of the proposal, a premium of 40.52% on ¥2,852, the simple average closing price for the one-month period ending on that date, a premium of 45.72% on ¥2,745, the simple average closing price for the three-month period ending on that date, and a premium of 45.72% on ¥2,745, the simple average closing price for the six-month period ending on that date). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, the Series 2 Share Acquisition Rights, the Series 3 Share Acquisition Rights, and the Series 4 Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of ¥4,000 and the exercise price per share of the Company's shares under each Share Acquisition Right by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on July 30, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are successfully completed, the preliminary valuation results of the Company's shares by the third-party appraiser engaged by the Company, the level of premiums in recent similar cases, and the price-to-book ratio (PBR) of the Company, the Special Committee explained that, while the Tender Offer Price and the Share Acquisition Rights Tender Offer Price were worthy of a certain level of evaluation from the standpoint of protecting the minority

shareholders of the Company and fulfilling the Special Committee's duty of accountability as a special committee of the Company, they were not necessarily sufficient. The Special Committee conveyed to the Tender Offeror that, if the Tender Offer Price were increased to ¥4,140 or more, and absent any material changes in the market environment or other conditions underlying its review, it would be in a position to submit a report stating the appropriateness of the Company Board of Directors expressing an opinion in support of the Tender Offer and recommending that the Company's shareholders and the Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer. The Special Committee accordingly requested a reconsideration of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price. Following that, on August 5, 2025, the Company and the Special Committee received a revised proposal from the Tender Offeror to set the Tender Offer Price at ¥4,140 (which represents a premium of 46.39% on ¥2,828, the closing price of the Company's shares on the Standard Market of the TSE on August 4, 2025, the business day preceding the date of the proposal, a premium of 46.34% on ¥2,829, the simple average closing price for the one-month period ending on that date, a premium of 49.78% on ¥2,764, the simple average closing price for the three-month period ending on that date, and a premium of 47.44% on ¥2,808, the simple average closing price for the six-month period ending on that date). The revised proposal also set the Share Acquisition Rights Tender Offer Price for the Series 1 Share Acquisition Rights, the Series 2 Share Acquisition Rights, the Series 3 Share Acquisition Rights, and the Series 4 Share Acquisition Rights as the amount obtained by multiplying the difference between the Tender Offer Price of ¥4,140 and the exercise price per share of the Company's shares under each Share Acquisition Right by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right. In response, on August 6, 2025, after careful consideration based on factors such as the synergies arising from the current capital relationship, the synergies expected to result from close collaboration between the two companies if the Transactions are successfully completed, the preliminary valuation results of the Company's shares by the third-party appraiser engaged by the Company, the level of premiums in recent similar cases, and the price-to-book ratio (PBR) of the Company, the Special Committee responded to the effect that it intended to express an opinion in support of the Tender Offer or recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer at the Tender Offer Price and the Share Acquisition Rights Tender Offer Price.

(iii) Details of decision

Under the above circumstances, at the Company Board of Directors meeting held on August 8, 2025, the Company considered the legal advice received from City-Yuwa Partners, the financial advice received from Daiwa Securities, and the share valuation report concerning the Company's shares submitted by Daiwa Securities dated August 7, 2025 (the "Share Valuation Report"). The Company did not obtain a valuation report from a third-party appraiser regarding the Share Acquisition Rights Tender Offer Price, as that price is calculated by multiplying the difference between the Tender Offer Price and the exercise price per share of the Company's shares under each Share Acquisition Right by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right, and is therefore determined based on the Tender Offer Price. Taking the contents of the Share Valuation Report into account for the value of the Share Acquisition Rights and giving maximum respect to the judgment of the Special Committee as set forth in the Report, the Company carefully discussed and considered whether the Transactions, including the Tender Offer, will contribute to the enhancement of the Company's corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price and the Share Acquisition Rights Tender Offer Price, are appropriate.

As a result, as described below, the Company concluded that making the Company a wholly owned subsidiary through the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the Company's corporate value.

- (I) Higher added value of safety systems in the automotive safety systems business, rapid response to customer requirements and market changes, productivity improvements, sales growth, and the like

The Company has achieved certain results in airbag order activities since entering into a capital and business alliance with the Tender Offeror in May 2021, including adding value to its safety systems, responding more quickly to customer demands and market changes, improving productivity, and expanding sales in its automotive safety systems business. However, the current market environment surrounding automotive safety components is expected to undergo significant changes in the overall automotive market, including growing customer expectations for integrated proposals combining airbags and seatbelts. Under these circumstances, the Company believes that, in order to respond to emerging demand and regulatory requirements and to enhance its presence amid increasingly intense global competition, the Transactions will enable

it to achieve more integrated collaboration with the Tender Offeror by becoming its wholly owned subsidiary. In addition, the Company believes that strengthening its collaboration with the Tender Offeror will accelerate decision-making, thereby enabling it to respond more swiftly than ever to customer demands and market changes and to provide customers with higher value-added products. In addition to the ongoing efforts under the current collaborative relationship with the Tender Offeror to further improve the Company's production efficiency through the Toyota Production System (a system of production with the objective of pursuing production efficiency), the Company expects that, particularly with respect to overseas sites, where there is significant geographical overlap between the Company and the Tender Offeror, future synergies will be generated through the mutual use of each other's facilities.

(II) Accelerated growth leveraging the Tender Offeror's resources in the high performance products business

The Company expects a significant increase in demand over the medium to long term for the pipeline rehabilitation business, including its products and services, particularly in the PALTEM business within the high performance products business, due to the anticipated rapid growth in the length of pipelines exceeding the standard service life of 50 years. Under these circumstances, the Company believes that, in order to respond to the significant increase in demand and seize the substantial growth opportunities in that business, it will be necessary to allocate further resources to expand production facilities, develop high value-added products, increase the number of members in the PALTEM Technology Association (partner construction companies), and enhance its sales structure. Under these circumstances, the Company believes that, by becoming a wholly owned subsidiary of the Tender Offeror through the Transactions, it will be able to utilize the Tender Offeror's ample resources such as its financial strength, creditworthiness, broad network, quality control methods, production technologies and know-how, and human resources, which will enable the Company to accelerate the growth of its high performance products business.

(III) Accelerated growth of the Company's business by reallocating management resources in connection with going private

The Company believes that, in connection with going private through the Transactions, the Company will be able to eliminate the various financial costs associated with maintaining the listing and the extensive operational burdens required of a listed company, allowing it to allocate the management resources it had invested in maintaining the listing to its operational divisions, and this will in turn enable the Company to achieve further growth in its business.

While the Transactions will be conducted for the purpose of making the Company a wholly owned subsidiary of the Tender Offeror, making a listed company a wholly owned subsidiary of another company generally entails the following disadvantages: 1) the impact on availability of equity financing from the capital markets; 2) concerns about the Company's ability to secure talented human resources due to the increased social credibility and name recognition it has enjoyed as a publicly traded company; and 3) the potential impact on shareholders, employees, business partners, members of the PALTEM Technology Association, and other stakeholders. However, the Company believes that the impact of the disadvantages of making the Company a wholly owned subsidiary of the Tender Offeror will be limited, given the following considerations: with respect to 1), the Company does not expect to need to raise funds through equity financing from the capital market for the time being, and furthermore there would be no impact on financing because the Tender Offeror has maintained a sound financial base, and any required funds can be expected to be available with financial support from the financially strong Tender Offeror Group; with respect to 2), the impact of delisting, including the impact on recruitment, will be limited by taking advantage of the Tender Offeror Group's social credibility and financing capabilities; and with respect to 3), the Company has already secured a firm business foundation, including a certain level of brand power, name recognition, and credit, through its business activities to date, and having been informed that the Tender Offeror's basic policy is to emphasize the enhancement of the social value of existing businesses using the current management structure, and to maintain the Company's name, brand (especially the high performance products business), and employment and compensation conditions after going private, the Company will be able to not only prevent adverse effects on stakeholders but also contribute to further enhancement of the Company's image and brand power in the medium to long term by working with the Tender Offeror to explain the post-Transactions policy to stakeholders. Generally speaking, there is a possibility of disadvantages from the loss of capital relationship with existing shareholders and from being included in the Tender Offeror Group, but the Company has no transactions based on capital relationships

with existing shareholders other than the Tender Offeror, and considering that the Transactions are with the Tender Offeror, which already owns 1,703,500 share of the Company's shares (ownership ratio: 28.26%) and constitutes an other associated company, it is assumed that these disadvantages will not specifically arise from the Transactions. In this light, the Company believes that the disadvantages of the Transactions are limited.

In addition, the Company has determined, based on the following points, that the Tender Offer Price, the Share Acquisition Rights Tender Offer Price, and the other terms and conditions of the Tender Offer are appropriate, and that the Tender Offer provides the shareholders and Share Acquisition Rights holders of the Company with an opportunity to sell their Company's shares or Share Acquisition Rights at a price with a reasonable premium and on reasonable terms and conditions.

- (I) The Tender Offer Price exceeds the valuation results based on the market price method and the comparable company analysis method, and exceeds the median of the range of the valuation results based on the discounted cash flow method (the "DCF Method"), as set forth under "(ii) Outline of calculation" in "2) Procurement by the Company of a share valuation report from an independent third-party appraiser" in "(3) Matters regarding calculation" in the Company's Press Release.
- (II) The Tender Offer Price of ¥4,140 per share represents a premium of 45.83% on ¥2,839, the closing price of the Company's shares on the Standard Market of the TSE on August 7, 2025, the business day preceding the date of the announcement of the Tender Offer, a premium of 46.19% on ¥2,832, the simple average closing price for the one-month period ending on that date, a premium of 49.68% on ¥2,766, the simple average closing price for the three-month period ending on that date, and a premium of 47.54% on ¥2,806, the simple average closing price for the six-month period ending on that date. The Company considers the level of premiums to be comparable to the premiums in recent similar transactions (292 going-private transactions announced between June 28, 2019, when the Ministry of Economy, Trade and Industry published its "Fair M&A Guidelines," and July 14, 2025, in which the average premium to the closing price on the business day preceding the date of the announcement was 47.69%, the average premium to the simple average closing price over the preceding one-month period was 49.71%, the average premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%).
- (III) In determining the Tender Offer Price, consideration was given to the interests of the general shareholders, including the implementation of measures to ensure the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest.
- (IV) The Tender Offer Price was determined through sincere and continuous discussions and negotiations between the Company and the Tender Offeror, following the implementation of the measures described above.
- (V) The Special Committee was substantively involved in the negotiation process regarding the terms and conditions of the Transactions by receiving timely reports from the Company on the status of negotiations and providing opinions, instructions, and requests regarding the negotiation policy of the Company. The Report indicated that appropriate consideration was given to ensuring that general shareholders would benefit both from all of the value that could be realized without the Transactions and from a fair share of the value that could only be realized through the Transactions (that the increase in corporate value would be fairly distributed to general shareholders), and concluded that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price are reasonable.
- (VI) The Company believes that the Share Acquisition Rights Tender Offer Price is an appropriate price that secures the advantage that the Share Acquisition Rights holders should enjoy through

the Transactions, given that it is the product of the difference between the Tender Offer Price and the exercise price per share of the Company's shares under each Share Acquisition Right multiplied by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right, and that it was calculate based on the Tender Offer Price.

(VII) The Tender Offeror proposed the method of a two-step acquisition by way of a tender offer with cash consideration and a subsequent squeeze-out by way of the demand for share, etc. cash-out or share consolidation.

Based on the above, the Company resolved at the meeting of its Board of Directors held on August 8, 2025 to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer.

Subsequently, the Company held discussions with the Tender Offeror concerning the Tender Offer Change of Conditions, carefully discussed and studied the Tender Offer Change of Conditions at the Company Board of Directors meeting held on October 16, 2025, and based on the opinion, etc. of the Special Committee concerning the Tender Offer Change of Conditions, decided that because of the following points, etc., it will maintain its opinion to support the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer even based on the Tender Offer Change of Conditions.

- (I) The Tender Offer Change of Conditions does not impact the purpose of the Transactions, and it also does not give rise to circumstances that would have a material impact on a decision as to whether the Transactions will contribute to enhancing the Company's corporate value on and after August 7, 2025, so the validity and reasonableness of the purpose of the Transactions can be recognized even after the Tender Offer Change of Conditions;
- (II) Although there was a period when the market share price of the Company's shares moved above ₩4,140 after the announcement of the Tender Offer, the reasonableness of making the Tender Offer Price ₩4,140 can continue to be recognized, and in light of no unreasonable points being found in the method of the Transactions, including the type of consideration, it is thought that the fairness and appropriateness of the terms and conditions of the Transactions have been ensured from the perspective of protecting the interests of the general shareholders of the Company; and
- (III) Due to the Tender Offer Change of Conditions, in the Transactions, the minimum number of share certificates, etc. to be purchased will be set below the so-called "majority of the minority" (the 1,800,100 shares (ownership ratio: 29.86%) that is the minimum number of share certificates, etc. to be purchased after the Tender Offer Change of Conditions falls below a majority of the number of the Company's shares owned by the Company's shareholders without any material interest in the Tender Offeror (ownership ratio: 35.87%; number equivalent to the majority of the minority)), but it is thought that there being no majority-of-the-minority condition set in the Transactions is not unreasonable and it is recognized that the procedures pertaining to the Transactions are fair based on other measures for ensuring fairness being fully taken, such as it being thought that coercion is being eliminated even after the Tender Offer Change of Conditions given that 1) it is thought that the Special Committee functioned effectively when studying the Tender Offer Change of Conditions, 2) Directors having a special interest in the Transactions have been excluded from the consideration of and negotiation process for the Tender Offer Change of Conditions and have not participated at all in discussions and negotiations with the Tender Offeror from the Company's position, and furthermore, in relation to Board of Directors meetings concerning the Transactions that are held henceforth, are not expected to participate in the deliberations and resolutions thereof either, 3) it is recognized that indirect market checks will be carried out, 4) it is recognized that comprehensive disclosure of information is expected regarding the Tender Offer Change of Conditions and that it is expected that minority shareholders will continue to be ensured an opportunity to make an appropriate decision based on sufficient information in the Tender Offer, and 5) it is recognized that continuing even after the Tender Offer

Change of Conditions, no scheme will be adopted that does not ensure that shareholders who do not tender their shares in the Tender Offer have the right to request purchase of shares or the right to petition for a determination of the price of shares, and thus it is highly unlikely that the Company's shares will not be taken private if the Tender Offer is successfully completed, and moreover, it is expected that detailed disclosures will be made to the shareholders and Share Acquisition Rights holders of the Company.

2. Matters listed in each item of Article 180, paragraph (2) of the Companies Act

(1) Share consolidation

The Company will consolidate 2,200,872 shares of the Company's shares into one share.

(2) The date on which the share consolidation takes effect (effective date)

March 1, 2026

(3) Total number of authorized shares as of the effective date

8 shares

3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act

For the consolidation proportion in the Share Consolidation, the Company will consolidate 2,200,872 shares of the Company's shares into one share. The Company deems the consolidation ratio in the Share Consolidation to be appropriate, based on the following grounds: the Share Consolidation aims to make the Tender Offeror the sole shareholder of the Company; the Tender Offer, conducted as part of the Transactions, was successfully completed following the background outlined in "1. Purpose of and reason for the share consolidation" above, along with the matters described below.

(1) Method of treatment where a fractional share arises, and the amount of money expected to be delivered to shareholders as a result of such treatment

1) Whether or not treatment is planned under any provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (1) or (2) of the Act, and the reasons As described in "1. Purpose of and reason for the share consolidation" above, after the Share Consolidation, the number of the Company's shares held by shareholders other than the Tender Offeror will become a fraction less than one share. For the fractional share to be produced as a result of the Share Consolidation, the Company will sell the number of shares equivalent to its total sum (in cases where the total sum includes a fractional share, such fractional share will be rounded down) and deliver the proceeds from the sale in proportion to shareholders in proportion to the fractional share attributed to them.

With regard to the sale, the Company plans to make the sale to the Tender Offeror upon obtaining permission from the court pursuant to Article 234, paragraph (2) of the Companies Act (Act No. 86 of 2005, including revisions thereafter; the same applies hereinafter) as applied mutatis mutandis pursuant to Article 235, paragraph (2) thereof, given that the Share Consolidation will be conducted as part of the Transactions aimed at making the Tender Offeror the sole shareholder of the Company, and given that the Company is scheduled to be delisted as of February 26, 2026, resulting in the shares becoming unlisted shares without a market price and making it unlikely that a purchaser would emerge through an auction.

For a price for the sale, if obtaining the court's permission above as planned, the Company plans to set a sale price that will allow the Company to deliver to each shareholder the money equivalent to the amount calculated by multiplying ¥4,140, the same price as the Tender Offer Price, by the number of the Company's shares held by the shareholders. However, if the court's permission is not obtained, or if adjustments for fractional amounts are required for calculation purposes, the amount actually delivered may differ from the amount stated above.

2) Names or designations expected to become purchasers for shares to be sold

Toyoda Gosei Co., Ltd.

3) Means by which persons expected to become purchasers for shares to be sold will be used to secure funds for delivering proceeds from the sale and appropriateness of the methods

The Tender Offeror says that they plan to cover the amount for acquiring the Company's shares equivalent to the total sum of the fractional share to be produced by the Share Consolidation by their own funds.

The Company has confirmed the certificate of balance dated August 8, 2025 regarding the deposit balance of the Tender Offeror, which was submitted as an attachment to the tender offer registration statement pertaining to the Tender Offer. In addition, according to the Tender Offeror, no events have occurred that could impede the payment of sale proceeds for the Company's shares equivalent to the total sum of the fractional shares to be produced as a result of the Share Consolidation, nor is the Tender Offeror aware of any such events that may occur in the future.

Accordingly, the Company deems as appropriate the method by which the Tender Offeror secures funds for payment of proceeds for the sale of shares equivalent to the fractional share.

4) Prospects for a sale period and a period for delivering sale proceeds to shareholders

After the Share Consolidation becomes effective, targeting early March 2026, the Company plans to request a court to permit the sale of the Company's shares equivalent to the total sum of the fractional shares to be produced as a result of the Share Consolidation under provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act. The timing of obtaining the permission may change due to situations of the court and other reasons, but upon obtaining the permission of the court, the Company plans to sell the Company's shares, with early April 2026 as a target. After that, the Company plans to conduct preparations required to deliver the sale proceeds to shareholders and expects to be able to deliver them to shareholders by late May 2026. Considering the period required for a series of procedures for the sale following the effective date of the Share Consolidation, the Company determines that it could proceed with the sale of the Company's shares equivalent to the total sum of the fractional shares to be produced as a result of the Share Consolidation and also deliver the sale proceeds to shareholders at the respective time as stated above. The sale proceeds are scheduled to be delivered to each shareholder listed in the Company's final shareholder register as of February 28, 2026, which is the day prior to the effective date of the Share Consolidation, in accordance with the method used by the Company for the delivery of dividend property.

(2) Basis for the amount of money expected to be delivered to shareholders due to treatment of fractional shares pertaining to share consolidation

1) Matters to be given due consideration so as not to harm the interests of shareholders other than the parent company, etc. if there is a parent company, etc.

As of August 8, 2025, the Company is not a subsidiary of the Tender Offeror, and neither all nor some of the Company's management are expected to invest in the Tender Offeror, either directly or indirectly. Accordingly, the Transactions, including the Tender Offer, does not constitute an acquisition of a controlled company by a controlling shareholder, or a management buyout (MBO) transaction, which are covered in the "Fair M&A Guidelines" released by the Ministry of Economy, Trade and Industry on June 28, 2019. However, the Tender Offeror owns 1,703,500 shares of the Company's shares (ownership ratio: 28.26%) and qualifies as an other associated company of the Company. The Tender Offeror aims to take the Company's shares private by acquiring all of the Company's shares (provided, however, that this includes the Company's shares to be delivered upon the exercise of the Share Acquisition Rights, but excludes the Company's shares owned by the Tender Offeror and treasury shares held by the Company) and all of the Share Acquisition Rights through the Transactions (because the Tender Offer constitutes a tender offer as provided for in Rule 441, Paragraph 1, Item (2) of the Securities Listing Regulations of the TSE, the Company is required to comply with the Code of Corporate Conduct, which includes the requirement to obtain a written document setting forth the opinion of a special committee). Moreover, one of the Company's nine Directors (Mr. Yasushi Okada) currently serves concurrently as an officer of the Tender Offeror, and one Director (Mr. Hiromasa Zaitsu) previously held an officer position at the Tender Offeror. Therefore, the measures described in "(3) Measures to ensure fairness of the Transactions and measures to avoid conflicts of interest" below have been implemented because the Tender Offeror and the Company seek to ensure fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and also seek to ensure fairness of the Transactions, including the Tender Offer, from the perspective of eliminating arbitrariness in the decision-making process leading to the decision to implement the Tender Offer and also from the perspective of avoiding conflicts of interest.

2) Matters concerning the method of treatment where a fractional share arises, the amount of money expected to be delivered to shareholders as a result of such treatment, and the appropriateness of such amount

With respect to the Share Consolidation, the Company plans to deliver to shareholders the money equivalent to the amount calculated by multiplying ¥4,140, the same price as the Tender Offer Price, by the number of the Company's shares held by the shareholders, as described in "(1) Method of treatment where a fractional share arises, and the amount of money expected to be delivered to shareholders as a result of such treatment," "(1) Whether or not treatment is planned under any provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (1) or (2) of the Act, and the reasons" under "3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act" above.

In addition, the Company has determined, based on the following points, that the Tender Offer Price, the Share Acquisition Rights Tender Offer Price, and the other terms and conditions of the Tender Offer are appropriate, and that the Tender Offer provides the shareholders and Share Acquisition Rights holders of the Company with an opportunity to sell their Company's shares or Share Acquisition Rights at a price with a reasonable premium and on reasonable terms and conditions.

(I) The Tender Offer Price exceeds the valuation results based on the market price method and the comparable company analysis method, and exceeds the median of the range of the valuation results based on the DCF Method, as set forth under "(ii) Outline of calculation" in "2) Procurement by the Company of a share valuation report from an independent third-party appraiser" in "(3) Matters regarding calculation" in the Company's Press Release.

(II) The Tender Offer Price of ¥4,140 per share represents a premium of 45.83% on ¥2,839, the closing price of the Company's shares on the Standard Market of the TSE on August 7, 2025, the business day preceding the date of the announcement of the Tender Offer, a premium of 46.19% on ¥2,832, the simple average closing price for the one-month period ending on that date, a premium of 49.68% on ¥2,766, the simple average closing price for the three-month period ending on that date, and a premium of 47.54% on ¥2,806, the simple average closing price for the six-month period ending on that date. The Company considers the level of premiums to be comparable to the premiums in recent similar transactions (292 going-private transactions announced between June 28, 2019, when the Ministry of Economy, Trade and Industry published its "Fair M&A Guidelines," and July 14, 2025, in which the average premium to the closing price on the business day preceding the date of the announcement was 47.69%, the average premium to the simple average closing price over the preceding one-month period was 49.71%, the average premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%).

(III) In determining the Tender Offer Price, consideration was given to the interests of the general shareholders, including the implementation of measures to ensure the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest, as described in "(6) Measures to ensure fairness of the Tender Offer, including measures to ensure fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest" in the Company's Press Release.

(IV) The Tender Offer Price was determined through sincere and continuous discussions and negotiations between the Company and the Tender Offeror, following the implementation of the measures described above.

(V) The Special Committee was substantively involved in the negotiation process regarding the terms and conditions of the Transactions by receiving timely reports from the Company on the status of negotiations and providing opinions, instructions, and requests regarding the negotiation policy of the Company. As described in "3) Establishment by the Company of an independent special

committee and procurement by the Company of a report from the special committee" in "(6) Measures to ensure fairness of the Tender Offer, including measures to ensure fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest" in the Company's Press Release, the Report indicated that appropriate consideration was given to ensuring that general shareholders would benefit both from all of the value that could be realized without the Transactions and from a fair share of the value that could only be realized through the Transactions (that the increase in corporate value would be fairly distributed to general shareholders), and concluded that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price are reasonable. (For a summary of the Report, please refer to "3) Establishment by the Company of an independent special committee and procurement by the Company of a report from the special committee" in "(6) Measures to ensure fairness of the Tender Offer, including measures to ensure fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest" in the Company's Press Release.)

- (VI) The Company believes that the Share Acquisition Rights Tender Offer Price is an appropriate price that secures the advantage that the Share Acquisition Rights holders should enjoy through the Transactions, given that it is the product of the difference between the Tender Offer Price and the exercise price per share of the Company's shares under each Share Acquisition Right multiplied by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right, and that it was calculate based on the Tender Offer Price.
- (VII) The Tender Offeror proposed the method of a two-step acquisition by way of a tender offer with cash consideration and a subsequent squeeze-out by way of the demand for share, etc. cash-out or share consolidation.

Based on the above, the Company resolved at the meeting of its Board of Directors held on August 8, 2025 to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer.

Further, for details of the method of the above-mentioned resolution of the Company Board of Directors, see "6) Approval by all disinterested Directors of the Company and opinion of no objection by all disinterested Audit & Supervisory Board Members" in "(6) Measures to ensure fairness of the Tender Offer, including measures to ensure fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and measures to avoid conflicts of interest" in the Company's Press Release.

Subsequently, the Company held discussions with the Tender Offeror concerning the Tender Offer Change of Conditions, carefully discussed and studied the Tender Offer Change of Conditions at the Company Board of Directors meeting held on October 16, 2025, and based on the opinion, etc. of the Special Committee concerning the Tender Offer Change of Conditions, decided that because of the following points, etc., it will maintain its opinion to support the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer even based on the Tender Offer Change of Conditions.

- (I) The Tender Offer Change of Conditions does not impact the purpose of the Transactions, and it also does not give rise to circumstances that would have a material impact on a decision as to whether the Transactions will contribute to enhancing the Company's corporate value on and after August 7, 2025, so the validity and reasonableness of the purpose of the Transactions can be recognized even after the Tender Offer Change of Conditions;
- (II) Although there was a period when the market share price of the Company's shares moved above ¥4,140 after the announcement of the Tender Offer, the reasonableness of making the Tender Offer Price ¥4,140 can continue to be recognized, and in light of no unreasonable points being found in the method of the Transactions, including the type of consideration, it is thought that the

fairness and appropriateness of the terms and conditions of the Transactions have been ensured from the perspective of protecting the interests of the general shareholders of the Company; and

(III) Due to the Tender Offer Change of Conditions, in the Transactions, the minimum number of share certificates, etc. to be purchased will be set below the so-called “majority of the minority” (the 1,800,100 shares (ownership ratio: 29.86%) that is the minimum number of share certificates, etc. to be purchased after the Tender Offer Change of Conditions falls below a majority of the number of the Company’s shares owned by the Company’s shareholders without any material interest in the Tender Offeror (ownership ratio: 35.87%; number equivalent to the majority of the minority)), but it is thought that there being no majority-of-the-minority condition set in the Transactions is not unreasonable and it is recognized that the procedures pertaining to the Transactions are fair based on other measures for ensuring fairness being fully taken, such as it being thought that coercion is being eliminated even after the Tender Offer Change of Conditions given that 1) it is thought that the Special Committee functioned effectively when studying the Tender Offer Change of Conditions, 2) Directors having a special interest in the Transactions have been excluded from the consideration of and negotiation process for the Tender Offer Change of Conditions and have not participated at all in discussions and negotiations with the Tender Offeror from the Company’s position, and furthermore, in relation to Board of Directors meetings concerning the Transactions that are held henceforth, are not expected to participate in the deliberations and resolutions thereof either, 3) it is recognized that indirect market checks will be carried out, 4) it is recognized that comprehensive disclosure of information is expected regarding the Tender Offer Change of Conditions and that it is expected that minority shareholders will continue to be ensured an opportunity to make an appropriate decision based on sufficient information in the Tender Offer, and 5) it is recognized that continuing even after the Tender Offer Change of Conditions, no scheme will be adopted that does not ensure that shareholders who do not tender their shares in the Tender Offer have the right to request purchase of shares or the right to petition for a determination of the price of shares, and thus it is highly unlikely that the Company’s shares will not be taken private if the Tender Offer is successfully completed, and moreover, it is expected that detailed disclosures will be made to the shareholders and Share Acquisition Rights holders of the Company.

Subsequently, the Company confirmed that no significant changes had occurred in the terms and conditions forming the basis of its decision regarding the Transactions, up to the time of the Company Board of Directors meeting held on December 19, 2025, at which convening of this Extraordinary General Meeting of Shareholders was resolved.

Based on the above, the Company determines that treatment of the fractional share and the amount of money thereby expected to be delivered to shareholders are appropriate.

- 3) Disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property after the last day of the most recent fiscal year in the Company As described in “1. Purpose of and reason for the share consolidation” above, the Tender Offeror conducted the Tender Offer during the tender offer period from August 12, 2025 to October 30, 2025, and as a result, as of November 6, 2025 (the commencement date of settlement of the Tender Offer), came to own 3,699,568 shares of the Company’s shares (voting rights ownership ratio: 61.34%). In addition, on December 19, 2025, the Board of Directors of the Company resolved to retire 28,130 treasury shares, which represent all of the treasury shares as of November 28, 2025, effective February 27, 2026. This retirement of treasury shares is on the condition that the proposal concerning the Share Consolidation be approved and adopted as originally proposed at this Extraordinary General Meeting of Shareholders.
- (3) Measures to ensure fairness of the Transactions and measures to avoid conflicts of interest As of August 8, 2025, the Company is not a subsidiary of the Tender Offeror, and neither all nor some of the Company’s management are expected to invest in the Tender Offeror, either directly or indirectly. Accordingly, the Transactions, including the Tender Offer, does not constitute an acquisition of a controlled

company by a controlling shareholder, or a management buyout (MBO) transaction, which are covered in the “Fair M&A Guidelines” released by the Ministry of Economy, Trade and Industry on June 28, 2019. However, the Tender Offeror owns 1,703,500 shares of the Company’s shares (ownership ratio: 28.26%) and qualifies as an other associated company of the Company. The Tender Offeror aims to take the Company’s shares private by acquiring all of the Company’s shares (provided, however, that this includes the Company’s shares to be delivered upon the exercise of the Share Acquisition Rights, but excludes the Company’s shares owned by the Tender Offeror and treasury shares held by the Company) and all of the Share Acquisition Rights through the Transactions (because the Tender Offer constitutes a tender offer as provided for in Rule 441, Paragraph 1, Item (2) of the Securities Listing Regulations of the TSE, the Company is required to comply with the Code of Corporate Conduct, which includes the requirement to obtain a written document setting forth the opinion of a special committee). Moreover, one of the Company’s nine Directors (Mr. Yasushi Okada) currently serves concurrently as an officer of the Tender Offeror, and one Director (Mr. Hiromasa Zaitsu) previously held an officer position at the Tender Offeror. Therefore, the measures below have been implemented because the Tender Offeror and the Company seek to ensure fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price and also seek to ensure fairness of the Transactions, including the Tender Offer, from the perspective of eliminating arbitrariness in the decision-making process leading to the decision to implement the Tender Offer and also from the perspective of avoiding conflicts of interest.

Statements below regarding measures implemented by the Tender Offeror are based on the Tender Offeror’s press release and explanations received from the Tender Offeror.

1) Procurement by the Tender Offeror of a share valuation report from an independent third-party appraiser

(i) Company’s Shares

According to the Tender Offeror’s disclosure, when deciding the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Houlihan Lokey, its financial advisor and third-party appraiser independent from the Tender Offeror and the Company, to calculate the share value of the Company. Houlihan Lokey is not a related party of the Tender Offeror Group and does not have any material interest in the Tender Offer.

Houlihan Lokey considered multiple share value calculation methods to apply in calculating the share value of the Company, and as a result, Houlihan Lokey applied the following methods for the calculation thereof: (i) the average market price method; (ii) the comparable company analysis method; and (iii) the DCF Method. The Tender Offeror obtained from Houlihan Lokey the Tender Offeror’s share valuation report dated August 7, 2025.

In addition, since the measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest have been taken and the Tender Offeror believes that the interests of the minority shareholders of the Company have been given adequate consideration, the Tender Offeror has not obtained a written opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Houlihan Lokey. The share value ranges per share of the Company’s shares as calculated in the Tender Offeror’s share valuation report are as follows.

Average market price method: From ¥2,766 to ¥2,839

Comparable company analysis method: From ¥2,482 to ¥2,916

DCF Method: From ¥3,430 to ¥4,991

Under the average market price method, the reference date was set as August 7, 2025, and the share value range per share of the Company’s shares was calculated to be ¥2,766 to ¥2,839, based on ¥2,839, the closing price of the Company’s shares on the Standard Market of the TSE on the reference date, and the simple average closing prices on the Standard Market of the TSE for the preceding one-month, three-month, and six-month periods ending on the reference date, which were ¥2,832, ¥2,766, and ¥2,806, respectively.

Under the comparable company analysis method, the share value range per share of the Company’s shares was calculated to be ¥2,482 to ¥2,916 by evaluating the Company’s share value by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in businesses that are relatively similar to those that the Company operates.

Under the DCF Method, the share value range per share of the Company’s shares was calculated to be ¥3,430 to ¥4,991 based on the business plan provided by the Company for fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2031 and based on the Company’s financial forecasts as adjusted by the Tender Offeror taking into consideration various elements such as trends in its financial results until the most recent fiscal year, the results of the due diligence of the Company conducted by the Tender Offeror from late April 2025 to late June 2025, and information

disclosed by it to the public, and then analyzing and evaluating the corporate value and share value of the Company by discounting by a certain rate to the present value the free cash flow projected to be generated by the Company during and after the fiscal year ending March 31, 2026. Also, the financial forecasts based on the business plan of the Company on which the DCF Method was based as described above include fiscal years in which a significant increase or decrease in profits are projected. Specifically, for the fiscal year ending March 31, 2026, operating profit is expected to significantly decrease as a result of a decrease in net sales due to the effect of currency fluctuations and changes in product mix, and free cash flow is projected to significantly decrease as a result of capital expenditures relating to seatbelt assembly facilities and the purchase of land to build a new factory for the high performance products business. For the fiscal year ending March 31, 2027, free cash flow is projected to significantly increase because (a) while capital expenditures relating to seatbelt assembly facilities are expected to be made and land is expected to be purchased to build a new factory for the high performance products business in the preceding fiscal year, similar expenditures are not expected to be made in the fiscal year ending March 31, 2027 and (b) depreciation for the fiscal year ending March 31, 2027 is expected to increase. For the fiscal year ending March 31, 2028, free cash flow is projected to significantly decrease because capital expenditures accompanying the construction of a new factory are expected to increase. For the fiscal year ending March 31, 2029, free cash flow is projected to significantly increase because while capital expenditures accompanying the construction of a new factory are expected to be made in the preceding fiscal year, similar expenditures are not expected to be made in the fiscal year ending March 31, 2029. In addition, the synergies resulting from further deepening collaboration between the two companies were taken into account to a certain extent. The Tender Offeror finally decided on the Tender Offer Price of ¥4,140 at the board of directors meeting held on August 8, 2025 by comprehensively considering factors such as the result of the calculation of the share value of the Company stated in the Tender Offeror's share valuation report obtained from Houlihan Lokey as well as the results of the due diligence of the Company conducted by the Tender Offeror from late April 2025 to late June 2025, whether the Board of Directors of the Company can support the Tender Offer, and the prospect of the number of share certificates, etc. being tendered in the Tender Offer. The Tender Offer Price of ¥4,140 represents a premium of 45.83% on ¥2,839, the closing price of the Company's shares on the Standard Market of the TSE on August 7, 2025, the business day preceding the date of the announcement of the implementation of the Tender Offer, a premium of 46.19% on ¥2,832, the simple average closing price for the one-month period ending on that date, a premium of 49.67% on ¥2,766, the simple average closing price for the three-month period ending on that date, and a premium of 47.54% on ¥2,806, the simple average closing price for the six-month period ending on that date.

(ii) Share Acquisition Rights

As of August 8, 2025, the exercise price of the Share Acquisition Rights per share of the Company's shares (the Series 1 Share Acquisition Rights: ¥1; the Series 2 Share Acquisition Rights: ¥1; the Series 3 Share Acquisition Rights: ¥1; and the Series 4 Share Acquisition Rights: ¥1) is less than the Tender Offer Price of ¥4,140. Therefore, the Tender Offeror decided that the Share Acquisition Rights Tender Offer Price is to be an amount (the Series 1 Share Acquisition Rights: ¥41,390; the Series 2 Share Acquisition Rights: ¥41,390; the Series 3 Share Acquisition Rights: ¥41,390; and the Series 4 Share Acquisition Rights: ¥41,390) obtained by multiplying the difference between the Tender Offer Price of ¥4,140 and the exercise price per Share Acquisition Right (the Series 1 Share Acquisition Rights: ¥4,139; the Series 2 Share Acquisition Rights: ¥4,139; the Series 3 Share Acquisition Rights: ¥4,139; and the Series 4 Share Acquisition Rights: ¥4,139) by 10, which is the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right, respectively.

The Tender Offeror has not obtained a valuation report or a written opinion (a fairness opinion) from a third-party appraiser because the Tender Offeror decided on the Share Acquisition Rights Tender Offer Price as described above.

Note: In calculating the share value of the Company, Houlihan Lokey has assumed that all of the public information and the information provided to Houlihan Lokey are accurate and complete and that it did not independently verify the accuracy and completeness of such information. Also, Houlihan Lokey has not conducted an independent evaluation, appraisal or assessment, nor has it made any request to a third-party institution for any appraisal, or assessment, with respect to any assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company, including any analysis or evaluation of individual assets and liabilities. In addition, Houlihan Lokey has assumed that

there are no material facts, lawsuits, disputes, environmental, tax or other contingent liabilities, or off-balance-sheet assets and liabilities that have not been disclosed to the Company in the Tender Offeror's share valuation report. Houlihan Lokey assumed that the Tender Offeror made certain adjustments to the business plan provided by the Company, and that the financial forecast of the Company that the Tender Offeror approved the use by Houlihan Lokey, had been reasonably prepared based on the best projections and judgment that were currently available to the Tender Offeror's management. The calculation by Houlihan Lokey reflects the information and economic condition obtained by Houlihan Lokey before August 7, 2025. Houlihan Lokey conducted calculation only for the purpose of the board of directors of the Tender Offeror referring to such calculation upon examining the share value of the Company.

- 2) Procurement by the Company of a share valuation report from an independent third-party appraiser
As described in “2) Procurement by the Company of a share valuation report from an independent third-party appraiser” in “(3) Matters regarding calculation” in the Company’s Press Release, the Company requested calculation with respect to the share value of the Company’s shares by Daiwa Securities, which acts as a financial advisor and third-party appraiser independent of both the Tender Offeror and the Group, and obtained the Share Valuation Report dated August 7, 2025.
Daiwa Securities is not a related party of the Tender Offeror or the Group and does not have any material interest to be noted in the Tender Offer.
- 3) Establishment by the Company of an independent special committee and procurement by the Company of a report from the special committee
 - (i) Background of establishment, etc.
As stated in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” in “1. Purpose of and reason for the share consolidation” above, the Company established the Special Committee by a resolution of the Board of Directors meeting held on April 23, 2025, but prior to establishing the Special Committee, the Company had already separately explained to the independent Outside Directors (Mr. Haruo Shimizu and Mr. Kazuyoshi Furukawa) and independent Outside Audit & Supervisory Board Members (Ms. Masami Oishi and Mr. Mitsuhiro Morikawa) of the Company who do not have any material interest in the Tender Offeror, since mid-March 2025, based on advice from City-Yuwa Partners, that it had received an initial proposal from the Tender Offeror regarding its intention to commence deliberations and discussions toward conducting the Transactions on March 3, 2025, and that it was necessary to take sufficient measures to ensure the fairness of the terms and conditions of the Transactions, including the establishment of the Special Committee, when deliberating and negotiating the Transactions, in order to establish a system for deliberation, negotiation, and decision-making regarding the Transactions from a position independent of the Tender Offeror from the perspective of enhancing the Company’s corporate value and protecting the interests of the Company’s minority shareholders. At the same time, with advice from City-Yuwa Partners, the Company also confirmed the independence and eligibility of the independent Outside Directors and independent Outside Audit & Supervisory Board Members of the Company that were candidates for the members of the Special Committee, and confirmed that those Directors and Audit & Supervisory Board Members have independence from the Tender Offeror and from the success or failure of the Transactions. The Company selected as candidates for the Special Committee three members: Mr. Kazuyoshi Furukawa (an independent Outside Director of the Company), who has served for many years in the civil engineering and construction industries and has abundant experience and broad knowledge; Mr. Haruo Shimizu (an independent Outside Director of the Company), who has served for many years as a corporate executive and has abundant experience and broad knowledge; and Mr. Mitsuhiro Morikawa (an independent Outside Audit & Supervisory Board Member of the Company), who has served for many years in the management and administration divisions and also has abundant experience and broad knowledge, having served as an audit & supervisory board member and so forth. (Because Mr. Yasushi Okada, an independent Outside Director of the Company, is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Mr. Takashi Ogawa, an independent Outside Director of the Company, is a person who formerly belonged to a major shareholder of the Tender Offeror, and in the interest of eliminating the possibility of the selections being affected by structural conflicts of interest in relation to the Transactions, those two persons were not selected as the members of the Special Committee. Also, Mr. Kazuyoshi Furukawa, an independent Outside Director of the Company, was appointed as the chair of the Special Committee by mutual vote among

the members of the Special Committee, and the membership of the Special Committee has not changed since its establishment.)

As stated in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” in “1. Purpose of and reason for the share consolidation” above, the Company established the Special Committee and consulted with the Special Committee on the Consulted Matters by a resolution of the Board of Directors meeting held on April 23, 2025. In addition, as stated in “(i) Background to the establishment of the examination framework” in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” in “1. Purpose of and reason for the share consolidation” above, when establishing the Special Committee, the Company Board of Directors resolved to respect the opinions of the Special Committee to the utmost extent and to grant the Special Committee the necessary authority to review and make decisions regarding the Transactions.

At the above Company Board of Directors meeting, of the nine Directors of the Company at that time, Mr. Hiromasa Zaitsu had been an executive officer of the Tender Offeror until June 14, 2024, Mr. Kaoru Nagatomi formerly belonged to the Tender Offeror, Mr. Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Mr. Takashi Ogawa formerly belonged to a major shareholder of the Tender Offeror, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions, the above resolution was unanimously adopted after deliberation by the five Directors excluding those four Directors. In addition, all three of the Audit & Supervisory Board Members at the time were present at the above Board of Directors meeting, and all of the Audit & Supervisory Board Members present expressed that they had no objection to the above resolution.

The compensation paid to each member of the Special Committee for their duties is a fixed amount irrespective of the success or failure of the Transactions.

(ii) Background of deliberation

The Special Committee met a total of 18 times between April 25, 2025 and August 8, 2025, and also performed its duties related to the Consulted Matters by reporting, sharing information, deliberating, and making decisions, etc. as necessary by e-mail between meetings. Specifically, the Special Committee approved the appointment of Daiwa Securities as the financial advisor and third-party appraiser of the Company and City-Yuwa Partners as the legal advisor of the Company, after confirming that there were no problems with their independence, expertise and track record. The Special Committee confirmed that it may seek expert advice from Daiwa Securities and City-Yuwa Partners as necessary, and decided not to appoint its own advisors. The Special Committee also approved the internal system for deliberating the Transactions (including the scope of officers and employees of the Company who will be involved in the deliberation, negotiation and decision-making regarding the Transactions and their duties) established at the Company, having confirmed that the system is free of problems from the perspective of independence and fairness.

The Special Committee then considered the measures to be taken to ensure the fairness of the procedures in the Transactions, based on the legal advice it received from City-Yuwa Partners. The Special Committee received an explanation from the Tender Offeror regarding the background leading to the proposal of the Transactions, the significance and purpose of the Transactions, the management structure and management policies after the Transactions, and the like, and conducted a Q&A session. The Special Committee received an explanation from the Company regarding the significance and purpose of the Transactions, the effect of the Transactions on the Company's business, the Company's opinion on the management structure and management policies after the Transactions, and related information, and conducted a Q&A session with respect to those matters.

In addition, the Special Committee received from the Company an explanation of the contents, material assumptions, and background of preparation of the Company's business plan and, following a Q&A session, confirmed the reasonableness of these matters and approved them based on advice from a financial perspective from Daiwa Securities. Furthermore, as described in “(2) Procurement by the Company of a share valuation report from an independent third-party appraiser” in “(3) Matters regarding calculation” in the Company's Press Release, Daiwa Securities calculated the share value of the Company based on the Company's business plan, and the Special Committee received from Daiwa Securities an explanation of the methods used to calculate the value of the Company's shares, the reasons for selecting such calculation methods, the details of the calculations based on each calculation method, and the material assumptions made, and confirmed the reasonableness of these matters through Q&A sessions and deliberations and examinations.

The Special Committee also discussed and deliberated the Company's negotiations with the Tender Offeror from time to time, taking into account advice from a financial perspective received from Daiwa Securities as the Company's advisor, and advice from a legal perspective received from City-Yuwa

Partners, and provided necessary opinions on the Company's negotiation policy as appropriate. Specifically, the Special Committee has, upon the Company receiving each proposal for the Tender Offer Price from the Tender Offeror, promptly received reports from the Company regarding matters such as the process and details of the discussions and negotiations regarding the Tender Offer Price, and has provided the Company on five separate occasions with the Special Committee's opinions suggesting that the Company request the Tender Offeror to increase the Tender Offer Price. The Special Committee has thereby substantially participated in the discussion and negotiation process between the Company and the Tender Offeror in terms such as that the Company engaged in negotiations with the Tender Offeror in accordance with the Special Committee's opinions.

As a result, the Company received an offer from the Tender Offeror on August 5, 2025, including setting the Tender Offer Price at ¥4,140 per share, and accordingly, the Tender Offer Price has been increased from ¥3,700, which was the original share price offered by the Tender Offeror, to ¥4,140.

The Special Committee received advice from City-Yuwa Partners, the Special Committee's legal advisor, and multiple explanations from Daiwa Securities, the Company's financial advisor, regarding the draft of the Company's Press Release and other documents relating to the Transactions, and conducted Q&A sessions to confirm that comprehensive disclosure of information will be made.

(iii) Details of decision

Through the above process, the Special Committee carefully discussed and deliberated the Consulted Matters based on the advice from a legal standpoint received from City-Yuwa Partners and the advice from a financial standpoint and the Share Valuation Report received from Daiwa Securities as of August 7, 2025, and submitted to the Company Board of Directors its Report dated August 8, 2025 with the following general content, which represents the unanimous opinion of the Special Committee.

(I) Matters stated in the Report

- A The Special Committee believes that the Transactions will contribute to the enhancement of the Company's corporate value and the purposes of the Transactions are valid and reasonable.
- B The Special Committee believes that the fairness and appropriateness of the terms and conditions of the Transactions, including the price of purchase, etc. in the Tender Offer, have been secured.
- C The Special Committee believes that sufficient consideration has been given to the interests of the Company's shareholders through fair procedures in the Transactions.
- D The Special Committee believes that it is appropriate for the Company Board of Directors to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer
- E The Special Committee believes that the Transactions are fair to the Company's general shareholders.

(II) Reasoning

A Validity and reasonableness of the purposes of the Transactions

- (a) The Group's main businesses are the automotive safety systems business and the high performance products business. In the business environment surrounding the Group, (1) in the automotive safety systems business, technological competition is intensifying with changes to laws and ordinances and the progress of BEVs, and there is a need to respond rapidly to demand for standardization to reduce costs and demand for differentiation to increase product appeal, and (2) in the high performance products business, it is necessary to promote the development and sale of products and services that address social issues such as aging infrastructure, disasters and disaster mitigation, environmental preservation, and the 2024 Problem in logistics. In that business environment, the management challenges faced in the automotive safety systems business are: 1) to further strengthen cooperation with the Tender Offeror by continuing to work on joint procurement, unification of design specifications, and development of highly competitive products, and to further increase productivity, eliminate defective products, and improve quality by firmly establishing the Toyota Production System (TPS); 2) to build a profit structure that is resilient to external environmental changes such as trade tariffs, exchange rates, and fluctuations in the raw material market and production levels; and 3) to make steady progress in strengthening governance and optimizing global production systems. Meanwhile, the management challenges faced in the high performance products business are: 4) for PALTEM, to invest in the development of next-generation construction methods to improve productivity and increase market share in response to demand for pipe rehabilitation in the core sector of waste

water, and to continue to raise awareness and increase sales of green pipe rehabilitation methods in the water supply and agricultural water supply sectors; 5) for disaster prevention, to stabilize quality and profitability in the manufacture and sale of hoses, the core product, and to proactively invest management resources toward increasing the sales of core sectors, namely large-diameter hose systems and disaster prevention equipment and materials; and 6) for industrial materials, to proactively address issues including streamlining logistics, while promoting structural reform of existing businesses to establish new pillars out of soil stabilization products and highly functional fiber products. The Special Committee does not consider the above management challenges to be unreasonable in any respect.

(b) The purpose of the Transactions is to address the following management challenges in light of the business environment surrounding the Company described above. In the automotive safety systems business: (1) to further strengthen cooperation with the Tender Offeror by continuing to work on joint procurement, unification of design specifications, and development of highly competitive products, and to further increase productivity, eliminate defective products, and improve quality by firmly establishing Toyota Production System (TPS); (2) to build a profit structure that is resilient to external environmental changes such as trade tariffs, exchange rates, and fluctuations in the raw material market and production levels; and (3) to make steady progress in strengthening governance and optimizing global production systems. Meanwhile, in the high performance products business: (4) for PALTEM, to invest in the development of next-generation construction methods to improve productivity and increase market share in response to demand for pipe rehabilitation in the core sector of waste water, and to continue to raise awareness and increase sales of green pipe rehabilitation methods in the water supply and agricultural water supply sectors; (5) for disaster prevention, to stabilize quality and profitability in the manufacture and sale of hoses, the core product, and to proactively invest management resources toward increasing the sales of core sectors, namely large-diameter hose systems and disaster prevention equipment and materials; (6) for industrial materials, to proactively address issues including streamlining logistics, while promoting structural reform of existing businesses to establish new pillars out of soil stabilization products and highly functional fiber products. If the Company becomes a wholly owned subsidiary of the Tender Offeror through the Transactions, it will enable a more integrated collaboration with the Tender Offeror, as well as: 1) increasing the speed of decision-making, enabling the Company to respond more quickly than ever before to customer needs and market changes, and to provide customers with higher value-added products; 2) allowing the Company's high performance products business to utilize the Tender Offeror's abundant resources, including financial strength, credit, extensive network, quality control methods, production technology, know-how, and human resources, and to accelerate the growth of the Company's high performance products business; and 3) eliminating the various financial costs associated with maintaining the listing and the extensive operational burdens required of a listed company, allowing the Company to allocate the management resources it had invested in maintaining the listing to its operational divisions. The above will enable: (I) higher added value of safety systems in the automotive safety systems business, rapid response to customer requirements and market changes, productivity improvements, sales growth, and the like; (II) accelerated growth leveraging the Tender Offeror's resources in the high performance products business; and (III) accelerated growth of the Company's business by reallocating management resources in connection with going private. Given that the policy of increasing corporate value through the above effects is reasonable, the Special Committee believes that the purposes of the Transactions are not unreasonable in any respect, and the Transactions are expected to enhance corporate value to a certain degree.

(c) The disadvantages to the Company and its stakeholders arising from the Transactions include: 1) the impact on methods of equity financing from the capital markets; 2) concerns about the Company's ability to secure talented human resources due to the increased social credibility and name recognition it has enjoyed as a publicly traded company; and 3) the potential impact on shareholders, employees, business partners, members of the PALTEM Technology Association, and other stakeholders. However, the Special Committee has received explanations as follows. With respect to 1), the Company does not expect to need to raise funds through equity financing from the capital market for the time being, and furthermore there will be no impact on financing because the Company has maintained a sound financial base, and any required funds can be expected to be available with financial support from the financially strong Tender Offeror Group. With respect to 2), the impact of delisting, including

the impact on recruitment, will be limited by taking advantage of the Tender Offeror Group's social credibility and financing capabilities. With respect to 3), the Company has already secured a firm business foundation, including a certain level of brand power, name recognition, and credit, through its business activities to date, and having been informed that the Tender Offeror's basic policy is to emphasize the enhancement of the social value of existing businesses using the current management structure, and to maintain the Company's name, brand (especially the high performance products business), and employment and compensation conditions after going private, will be able to not only prevent adverse effects on stakeholders but also contribute to further enhancement of the Company's image and brand power in the medium to long term by working with the Tender Offeror to explain the post-Transactions policy to stakeholders. Based on the above explanations and the Q&A session with the Company, the Special Committee expects that no disadvantages will arise from any of the above points and that any disadvantages that do arise would be of limited impact, and believes that there is no significant reason to maintain the listing of the shares going forward. The above explanations are not unreasonable in any particular respect, and the Special Committee recognizes that any disadvantages of going private through the Transactions will be limited, even if disadvantages were to arise.

(d) In light of the above, the Special Committee recognizes that the Company's understanding of its surrounding business environment and management challenges is not unreasonable in any particular respect, that any disadvantages of going private through the Transactions will be limited, even if disadvantages were to arise, and that it will be possible to make the Company a wholly owned subsidiary and accurately advance initiatives aimed at addressing the management challenges of the Company, namely: in the automotive safety systems business, 1) to further strengthen cooperation with the Tender Offeror by continuing to work on joint procurement, unification of design specifications, and development of highly competitive products, and to further increase productivity, eliminate defective products, and improve quality by firmly establishing Toyota Production System (TPS); 2) to build a profit structure that is resilient to external environmental changes such as trade tariffs, exchange rates, and fluctuations in the raw material market and production levels; and 3) to make steady progress in strengthening governance and optimizing global production systems; and, in the high performance products business: 4) for PALTEM, to invest in the development of next-generation construction methods to improve productivity and increase market share in response to demand for pipe rehabilitation in the core sector of waste water, and to continue to raise awareness and increase sales of green pipe rehabilitation methods in the water supply and agricultural water supply sectors; 5) for disaster prevention, to stabilize quality and profitability in the manufacture and sale of hoses, the core product, and to proactively invest management resources toward increasing the sales of core sectors, namely large-diameter hose systems and disaster prevention equipment and materials; and 6) for industrial materials, to proactively address issues including streamlining logistics, while promoting structural reform of existing businesses to establish new pillars out of soil stabilization products and highly functional fiber products. The Special Committee recognizes that the Transactions will contribute to the enhancement of the Company's corporate value and the purposes of the Transactions are valid and reasonable.

B Fairness and appropriateness of the terms and conditions of the Transactions

(a) The market price method, comparable company analysis method, and DCF Method used by Daiwa Securities in the share valuation in the Share Valuation Report are commonly used and reasonable methods based on current practice, and the Special Committee has concluded that the content of the calculations for the DCF Method is also appropriate in light of current practice. With respect to the comparable company analysis method, the Special Committee received an explanation from Daiwa Securities that the comparable companies and their selection method were adopted based on the Company's understanding and evaluations from the market, and confirmed that the comparable companies and their selection method are not unreasonable in any particular respect. Given that the business plan was prepared for the purpose of objectively and reasonably verifying the appropriateness of the terms and conditions of the Transactions and that there were no circumstances in the process of preparation to suggest improper intervention by the Tender Offeror Group, the Special Committee therefore confirmed that the preparation purpose and procedures, and content of the Company's business plan are not unreasonable in any particular respect. Furthermore, in light of the valuation of the Company's shares in the Share Valuation Report, the Special

Committee confirmed that the purchase price in the Tender Offer is reasonable based on the fact that it exceeds the results of the valuations of the Company's shares by Daiwa Securities using the market price method and comparable company analysis method, and exceeds the median of the range of values calculated by the DCF Method.

- (b) The Tender Offer Price of ¥4,140 per share represents a premium of 45.83% on ¥2,839, the closing price of the Company's shares on the Standard Market of the TSE on August 7, 2025, the business day preceding the date of the announcement of the Tender Offer, a premium of 46.19% on ¥2,832, the simple average closing price for the one-month period ending on that date, a premium of 49.68% on ¥2,766, the simple average closing price for the three-month period ending on that date, and a premium of 47.54% on ¥2,806, the simple average closing price for the six-month period ending on that date. The Special Committee considers the level of premiums to be comparable to the premiums in recent similar transactions (292 going-private transactions announced between June 28, 2019, when the Ministry of Economy, Trade and Industry published its "Fair M&A Guidelines," and July 14, 2025, in which the average premium to the closing price on the business day preceding the date of the announcement was 47.69%, the average premium to the simple average closing price over the preceding one-month period was 49.71%, the average premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%).
- (c) The Tender Offer Price (¥4,140) is one times the consolidated book value of net assets per share (¥4,138.66) as of March 31, 2025 as stated in the Annual Securities Report for the 125th term (April 1, 2024 to March 31, 2025), and exceeds the consolidated book value of net assets. Therefore, the Special Committee recognizes that the terms and conditions of the Transactions are appropriate in terms of price-to-book ratio (PBR).
- (d) The discussions and negotiations between the Company and the Tender Offeror with respect to the Tender Offer Price were mainly conducted by Daiwa Securities, an experienced financial advisor engaged by the Company, and the Special Committee received advice from Daiwa Securities regarding the negotiation policy from a financial standpoint and the like, provide instructions on the negotiation policy, and received reports on the negotiation process. In addition, the Special Committee gave instructions to Daiwa Securities and proceeded with negotiations with the Tender Offeror with a policy of discussing and negotiating with the Tender Offeror based on the synergies created by the current capital relationship, the synergies to be created by the close collaboration between the two companies if the Transactions are successfully completed, the results of the estimation of the value of the shares by Daiwa Securities, the level of premiums in recent similar transactions, the Company's price-to-book ratio (PBR), and other factors. As a result of those negotiations, the Special Committee achieved a price increase of approximately 11.9% (¥440) from the initial proposal. Of the nine Directors of the Company, Mr. Hiromasa Zaitsu had been an executive officer of the Tender Offeror until June 14, 2024, Mr. Kaoru Nagatomi formerly belonged to the Tender Offeror, Mr. Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Mr. Takashi Ogawa formerly belonged to a major shareholder of the Tender Offeror, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible, those Directors did not participate in the deliberations and resolutions of the Board of Directors regarding the Transactions, and have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Company. There are no other specific circumstances that raise doubts about the fairness of the process of determining the Tender Offer Price. As described above, the process of determining the Tender Offer Price was carried out with the substantive involvement of the Special Committee, as the Special Committee received timely reports on the progress of negotiations and expressed its opinions, gave instructions and made requests to the Company and Daiwa Securities at important junctures. The Special Committee also made reasonable efforts to conduct the Transactions on terms and conditions favorable to the general shareholders and eliminate the involvement of the Company's management team, who have a structural conflict of interest with the Company, to the extent possible, and ensured that sincere negotiations were conducted under circumstances equivalent to an arm's length transaction, and the negotiations can therefore be considered fair.
- (e) The prices of past acquisitions of the Company's shares by the Tender Offeror (¥1,018 and ¥2,153.29) were significantly lower than the Tender Offer Price (¥4,140), and the Special

Committee believes that the Tender Offer Price is not unreasonable in comparison with those prices.

- (f) The Special Committee believes that the Share Acquisition Rights Tender Offer Price is an appropriate price that secures the advantage that the Share Acquisition Rights holders of the Company should enjoy through the Transactions, given that it is the product of the difference between the Tender Offer Price and the exercise price per share of the Company's shares under each Share Acquisition Right multiplied by the number of the Company's shares to be delivered upon exercise of each Share Acquisition Right, and that it was calculate based on the Tender Offer Price.
- (g) The Tender Offeror proposed the method of a two-step acquisition by way of a tender offer with cash consideration and a subsequent squeeze-out by way of the demand for share, etc. cash-out or the share consolidation, and the Special Committee does not consider the method of the Transactions, including the type of consideration, to be unreasonable.
- (h) Having considered the above points, the Special Committee concluded that the Tender Offer Price and the Share Acquisition Rights Tender Offer Price are reasonable, recognizing that: 1) the Tender Offer Price is appropriate in light of the valuation results (it exceeds the results of the valuations of the Company's shares by Daiwa Securities using the market price method and comparable company analysis method, and exceeds the median of the range of values calculated by the DCF Method) in the share valuation report prepared by the independent third-party appraiser Daiwa Securities; 2) the level of premiums represented by the Tender Offer Price is comparable to the premiums in recent similar transactions (in which the average premium to the closing price on the business day preceding the date of the announcement was 47.69%, the average premium to the simple average closing price over the preceding one-month period was 49.71%, the average premium to the simple average closing price over the preceding three-month period was 51.34%, and the average premium to the simple average closing price over the preceding six-month period was 51.20%); 3) the Tender Offer Price exceeds the consolidated book value of net assets per share of the Company as of March 31, 2025; 4) negotiations with the Tender Offeror were conducted in accordance with the instructions of the Special Committee and under the negotiation policy determined by the Special Committee, excluding the involvement of four Directors (Mr. Hiromasa Zaitsu, Mr. Kaoru Nagatomi, Mr. Yasushi Okada and Mr. Takashi Ogawa) in order to eliminate the possibility of the deliberations and resolutions being affected by structural conflicts of interest to the extent possible, and as a result of the negotiations with the Tender Offeror, the Tender Offeror raised the Tender Offer Price by approximately 11.9% (¥440) from the initial proposal; and 5) considering that the Share Acquisition Rights Tender Offer Price is calculated based on the Tender Offer Price, consideration has been given to ensure that the general shareholders enjoy all of the value that could have been realized if the Transactions had not been conducted, and a reasonable portion of the value that cannot be realized without the Transactions (that there is a fair distribution of the increase in corporate value to the general shareholders). Although the business plan and the Share Valuation Report prepared based on the business plan were prepared on the assumption of collaboration based on the capital relationship with the Tender Offeror at the present time, without assuming that the Transactions will be implemented, in light of each of the above points —especially the fact that the Tender Offer Price exceeds the median share value calculated by the independent third-party appraiser Daiwa Securities by the DCF Method and secures a premium that is comparable to the premiums in similar transactions—the Special Committee recognizes that in this case, consideration has been given to ensure that the general shareholders enjoy all of the value that could have been realized if the Transactions had not been conducted, and a reasonable portion of the value that cannot be realized without the Transactions (that there is a fair distribution of the increase in corporate value to the general shareholders). In addition to 1) through 5) above, in light of the fact that 6) the methods of the Transactions are not unreasonable in any respect, including the type of consideration, the Special Committee has concluded that the fairness and appropriateness of the terms and conditions of the Transactions have been ensured from the perspective of protecting the interests of the general shareholders of the Company.

C Fairness of the procedures for the Transactions

- (a) The Company established the Special Committee, which is independent of the Tender Offeror Group, consists of three members: Mr. Kazuyoshi Furukawa, an independent Outside Director of the Company; Mr. Haruo Shimizu, an independent Outside Director of the

Company; and Mr. Mitsuhiro Morikawa, an independent Outside Audit & Supervisory Board Member of the Company. The compensation paid to each member for their duties is a fixed amount irrespective of the success or failure of the Transactions.

- (b) The Company appointed City-Yuwa Partners as its legal advisor independent of the Tender Offeror Group, the Group, and the success or failure of the Transactions, and has received legal advice including advice on measures to be taken to ensure the fairness of procedures in the Transactions, and the method and process of decision-making of the Company regarding the Transactions and various procedures of the Transactions. In addition, when expressing its opinion with respect to the Tender Offer, the Company appointed Daiwa Securities, a financial advisor and third-party appraiser independent of the Tender Offeror Group, the Group, and the success or failure of the Transactions to request it to calculate the value of the Company's shares, and obtained the Share Valuation Report dated August 7, 2025. The Special Committee has confirmed that there are no problems with the expertise and independence of City-Yuwa Partners and Daiwa Securities.
- (c) Of the nine Directors of the Company, Mr. Hiromasa Zaitsu had been an executive officer of the Tender Offeror until June 14, 2024, Mr. Kaoru Nagatomi formerly belonged to the Tender Offeror, Mr. Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Mr. Takashi Ogawa formerly belonged to a major shareholder of the Tender Offeror, and in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible, those Directors did not participate in the deliberations and resolutions of the Board of Directors regarding the Transactions, and have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Company. The Special Committee has also confirmed that the above four Directors will not participate in any deliberations or resolutions regarding the Transactions at future meetings of the Board of Directors.
- (d) As the Tender Offeror intends to make the Company a wholly owned subsidiary of the Tender Offeror, the Tender Offeror has set the minimum number of share certificates, etc. to be purchased in the Tender Offer at 2,308,100 shares (ownership ratio: 38.29%), and if the total number of tendered share certificates, etc. is less than the minimum number of share certificates, etc. to be purchased, none of the tendered share certificates, etc. will be purchased. This is because the minimum number of share certificates, etc. to be purchased in the Tender Offer exceeds the number corresponding to the so-called majority of the minority, and given that, if the Tender Offeror cannot obtain the approval of a majority of the Company's shareholders who are independent from the Tender Offeror, the Tender Offeror intends not to proceed with the Transactions out of respect for the wishes of the Company's minority shareholders, the Special Committee recognizes that the Tender Offeror will give consideration to the intentions of general shareholders.
- (e) The Tender Offeror has set a tender offer period of 30 business days, whereas the statutory minimum tender offer period is 20 business days. In addition, the Tender Offeror and the Company have not made any agreement that contains transaction protection clauses that prohibit the Company from contacting counter offerors or made any other agreement on any matter that would restrict counter offerors from contacting the Company. Thus, consideration has been given to ensuring the fairness of the Tender Offer by ensuring opportunities for competing bids, combined with the establishment of the tender offer period described above. Therefore, in the Transactions, the Special Committee recognizes that an environment is secured in which other potential acquirers can make counter-offers under the same conditions as the Tender Offeror after the announcement of the Transactions, and that an indirect market check has been conducted.
- (f) The Special Committee has reviewed the drafts of press releases regarding the Tender Offer at multiple meetings of the Special Committee, with advice from Daiwa Securities and City-Yuwa Partners, and has confirmed that comprehensive disclosure of information is planned in the Transactions regarding: the independence, expertise, and other qualifications of the members of the Special Committee; the scope of authority granted to the Special Committee; the involvement of the Special Committee in the deliberation process and negotiation process; the basis and reasons for the Special Committee's decision; the content of the Report; the structure of compensation for the members of the Special Committee; an overview of the Share Valuation Report; and the process and background of negotiations leading to the implementation of the Transactions. Therefore, the Special Committee recognized that the Tender Offeror intends to ensure that minority shareholders have an

opportunity to make an appropriate decision regarding the Tender Offer based on sufficient information.

- (g) The legality of the squeeze-out procedure is also ensured, consideration having been given that the issue of coercion does not arise with respect to the Transactions.
- (h) After considering the above matters, the Special Committee concluded that sufficient consideration has been given to the interests of the Company's general shareholders through fair procedures in the Transactions, including the Tender Offer, in light of the fact that: 1) the Company Board of Directors established the Special Committee, which is independent of the Tender Offeror Group; 2) when deliberating the Transactions, the Company was advised by City-Yuwa Partners, a legal advisor, and Daiwa Securities, a financial advisor and a third-party appraiser, both independent of the Tender Offeror Group, the Group, and the success or failure of the Transactions; 3) the Company obtained a share valuation report from Daiwa Securities, a third-party appraiser independent of the Tender Offeror Group and the Group; 4) four Directors (Mr. Hiromasa Zaitsu, Mr. Kaoru Nagatomi, Mr. Yasushi Okada, and Mr. Takashi Ogawa) have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Company, in the interest of eliminating the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible; 5) a minimum number of share certificates, etc. to be purchased was established that exceeds the majority of the minority; 6) an indirect market check was conducted; 7) it was ensured that minority shareholders have an opportunity to make an appropriate decision regarding the Transactions based on sufficient information; and 8) the legality of the squeeze-out procedure was ensured such that the issue of coercion does not arise with respect to the Transactions.

D Conclusion

As a result of the above considerations, the Special Committee has concluded that the Transactions will contribute to the enhancement of the Company's corporate value and the purposes of the Transactions are valid and reasonable as stated in A above, and that the terms and conditions of the Transactions are fair and appropriate and the procedures are fair from the perspective of protecting the interests of the general shareholders of the Company as stated in B and C above. Therefore, the Special Committee (a) recognizes that the Transactions will contribute to the enhancement of the Company's corporate value, and the purposes of the Transactions are valid and reasonable, and (b) believes that the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate and the procedures of the Transactions, including the Tender Offer, are fair, and that consideration has been given to the interests of the Company's general shareholders. Therefore, the Special Committee believes that it is appropriate for the Company Board of Directors to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer.

In addition, as described above, the Special Committee recognizes 1) the validity and reasonableness of the purposes of the Transactions (including whether the Transactions will contribute to the enhancement of the Company's corporate value), 2) the fairness and appropriateness of the terms and conditions of the Transactions (including whether the increase in corporate value is fairly distributed to general shareholders), and 3) the fairness of the procedures in the Transactions, and therefore, the Special Committee believes that the Transactions are fair to the general shareholders of the Company.

Subsequently, on October 6, 2025 the Special Committee received the proposal from the Tender Offeror pertaining to the Tender Offer Change of Conditions, meetings of the Special Committee were convened on October 9, October 14, and October 16, 2025, and on October 16, 2025 the Special Committee submitted to the Company Board of Directors an additional report dated October 16, 2025 with the following general content to the effect that, even premised on the Tender Offer Change of Conditions, it believes it is possible to maintain the aforementioned content of its report.

(I) Matters stated in the additional report

The Special Committee reports that, even considering the Tender Offer Change of Conditions and the circumstances from August 7, 2025 to October 15, 2025, since we find no circumstances that should change the contents of the report dated August 8, 2025, there is no change of the opinion that we declared to the Company Board of Directors on that same date.

(II) Reasoning of the additional report

A Validity and reasonableness of the purposes of the Transactions

- (a) The Tender Offer Change of Conditions lowers the minimum number of share certificates, etc. to be purchased in the Tender Offer, and since there is no change in the purpose that is the Tender Offeror taking the Company private, it is believed to have no impact on the purpose of the Transactions.
- (b) According to the Company, from August 7, 2025, no change of conditions has occurred that could bring about an impact on the Transactions, and it is believed that from that date no circumstance has occurred of a kind that would have a material impact on a judgment about whether the Transactions will contribute to an enhancement of the Company's corporate value.
- (c) Based on (a) and (b) above, it is believed that the purposes of the Transactions can be found to be valid and reasonable even after the Tender Offer Change of Conditions.

B Fairness and appropriateness of the terms and conditions of the Transactions

- (a) According to the Tender Offeror, the Tender Offer Price of ¥4,140 will not be changed in conjunction with the Tender Offer Change of Conditions. With respect to this point, according to the Company, from August 7, 2025, no material change of circumstance that impacts the Company's corporate value has occurred and no circumstance has occurred that should change the Company's business plan that was prepared by the Company and that is made a premise for the share valuation, and the content of the share valuation report dated August 7, 2025 that was submitted to the Company by Daiwa Securities continues to be valid.
- (b) There is no change due to the Tender Offer Change of Conditions in the method of a two-step acquisition by way of a tender offer with cash consideration and a subsequent squeeze-out by way of the demand for share, etc. cash-out or the share consolidation, and no unreasonable aspect is found in the method of the Transactions, including the type of consideration.
- (c) Based on (a) and (b) above, although there was a period when the market share price of the Company's shares moved above ¥4,140 after the announcement of the Tender Offer, the reasonableness of making the Tender Offer Price ¥4,140 can continue to be recognized, and in light of no unreasonable points being found in the method of the Transactions, including the type of consideration, it is thought that the fairness and appropriateness of the terms and conditions of the Transactions have been ensured from the perspective of protecting the interests of the general shareholders of the Company.

C Fairness of the procedures for the Transactions

- (a) In considering the Tender Offer Change of Conditions, the Special Committee obtained the necessary information from the Company and the Tender Offeror. It also obtained professional advice from Daiwa Securities, acting as an independent financial advisor and third-party appraiser, and from City-Yuwa Partners, acting as a legal advisor, both of which are independent of the Tender Offeror Group, the Group, and the success or failure of the Transactions. Based on such information and advice, the Special Committee conducted discussions and deliberations regarding the Tender Offer Change of Conditions. Therefore, it is considered that the Special Committee functioned effectively.
- (b) In order to eliminate the possibility of the deliberations and resolutions being affected by structural conflicts of interest in the Transactions to the extent possible, Mr. Hiromasa Zaitsu, Mr. Kaoru Nagatomi, Mr. Yasushi Okada, and Mr. Takashi Ogawa, who are Directors having special material interests in the Transactions, were removed from the deliberation and negotiation process of the Tender Offer Change of Conditions, and have not participated in any discussions or negotiations with the Tender Offeror on behalf of the Company. The Special Committee has also confirmed that the above four Directors will not participate in any deliberations or resolutions regarding the Transactions at future meetings of the Board of Directors.
- (c) The Special Committee recognizes that after the Tender Offer Change of Conditions, an environment will remain secured in which other potential acquirers can make counter-offers under the same conditions as the Tender Offeror after the announcement of the Transactions, and that an indirect market check will be conducted.
- (d) The Special Committee has confirmed that comprehensive disclosure of information is planned regarding the Tender Offer Change of Conditions. The Special Committee recognizes that the Tender Offeror intends to continue to ensure that minority shareholders

have an opportunity to make an appropriate decision regarding the Tender Offer based on sufficient information.

(e) Given the fact that the Tender Offeror has not employed a scheme that ensures the right of the shareholders who will not tender their shares in the Tender Offer after the Tender Offer Change of Conditions to request purchase of shares or to petition for a determination of the price of shares, and the following items, the Special Committee recognizes that it is highly unlikely that the Company's shares will not be taken private if the Tender Offer is successfully completed. Furthermore, given the detailed disclosures planned for the Company's shareholders and Share Acquisition Rights holders, the Special Committee believes that coercion remains eliminated after the Tender Offer Change of Conditions.

- (i) The number of voting rights (17,035 voting rights) pertaining to the number of the Company's shares held by the Tender Offeror (1,703,500 shares) and the number of voting rights (68 voting rights) pertaining to the shares of the Company's restricted stock (7,172 shares) held by the Company's Directors are considered to be the number of voting rights (17,103 voting rights) that will be certainly in favor of a proposal pertaining to squeeze-out (share consolidation) at the general meeting of shareholders following the Tender Offer.
- (ii) It is possible to assess that the number of voting rights (52,655 voting rights), which is the sum of (A) the number of voting rights (24,250 voting rights) found by multiplying (x) the number of voting rights (31,871 voting rights) found by subtracting the number of voting rights held by the Tender Offeror (17,035 voting rights) and the number of voting rights held by the shareholders who are unlikely to tender their shares in the Tender Offer (11,370 voting rights) from the number of voting rights (60,276 voting rights) pertaining to the Total Number of Shares (Fully Diluted Basis) by (y) 76.09% (2022), which is the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past five fiscal years, and (B) the number of voting rights held by the Tender Offeror (17,035 voting rights) and the number of voting rights held by the shareholders who are unlikely to tender their shares in the Tender Offer (11,370 voting rights) is on a level that exceeds, to a certain extent, the number of voting rights that would be exercised at the general meeting of shareholders pertaining to a proposal pertaining to squeeze-out (share consolidation) following the successful completion of the Tender Offer, in light of the fact that such number of voting rights is based on the maximum value for the percentage of voting rights exercised at the Company's Annual General Meetings of Shareholders in the past five fiscal years, not the average thereof, and that the percentage of voting rights exercised thereat includes the number of voting rights exercised by the Tender Offeror. In addition, the number of voting rights (35,104 voting rights), which is two-thirds of the number of voting rights (52,655 voting rights) is reasonably expected to exceed, to a certain extent, the number of voting rights required to approve the squeeze-out (share consolidation) proposal.
- (iii) As stated in (i) above, the number of voting rights (17,103 voting rights) will be certainly in favor of a proposal pertaining to squeeze-out (share consolidation) at the general meeting of shareholders following the Tender Offer. By acquiring the number of voting rights (18,001 voting rights) corresponding to the minimum number of share certificates, etc. to be purchased (1,800,100 shares) after the Tender Offer Change of Conditions, the Tender Offeror will hold 35,104 voting rights, which reaches the level that is required to approve a proposal pertaining to squeeze-out (share consolidation) as stated in (ii) above. Therefore, it is highly probable that a proposal pertaining to squeeze-out (share consolidation) will be approved.
- (iv) Considering (i) through (iii) above, even if the minimum number of share certificates, etc. to be purchased is set at 1,800,100 shares following the Tender Offer Change of Conditions, it is considered that approval by two-thirds or more shareholders can be secured at the general meeting of shareholders pertaining to the squeeze-out (share consolidation) after the successful completion of the Tender Offer.
- (v) In addition to the foregoing, the Special Committee has confirmed that even if the proposal pertaining to squeeze-out (share consolidation) is not approved at a general meeting of shareholders, since the Tender Offeror intends to take the Company's shares private, the Tender Offeror will additionally acquire the Company's shares as promptly as practicable, using all reasonable and practicable methods available to the Tender

Offeror, including purchases in and outside the market, taking into consideration the status of tendering to the Tender Offer, the ownership status and attributes of the Company's shareholders at that time, and trends in the market price of the Company's shares, until the Tender Offeror acquires the number of voting rights required for the proposal pertaining to squeeze-out (share consolidation) to be practically approved at a general meeting of shareholders of the Company. Furthermore, the Special Committee has confirmed that while the acquisition price for such additional acquisitions is not planned to exceed the Tender Offer Price (¥4,140), the acquisition price for such additional acquisitions will be a reasonable price that will not be evaluated as economically disadvantageous for the Company's common shareholders who will sell their shares in response to such additional acquisitions, compared to the Tender Offer Price (¥4,140) (equal to the Tender Offer Price (¥4,140), unless an event requiring adjustment occurs, such as the Company implementing a share consolidation or stock split).

(f) As a result of the Tender Offer Change of Conditions, the Tender Offeror will set the minimum number of share certificates, etc. to be purchased in the Tender Offer that falls below the so-called "majority of the minority" (the minimum number of share certificates, etc. to be purchased (1,800,100 shares; ownership ratio: 29.86%) after the Tender Offer Change of Conditions is below the majority number of the Company's shares held by shareholders of the Company who do not have any material interest in the Tender Offeror (ownership ratio: 35.87%; equivalent to the number of the majority of the minority). However, given that the other measures to ensure the fairness set forth in (a) through (e) above have been sufficiently implemented, the absence of a majority-of-the-minority condition in the Transactions is not considered to be unreasonable.

D Conclusion

As a result of the above considerations, as stated above, even after the Tender Offer Change of Conditions, the Special Committee (a) recognizes that the Transactions will contribute to the enhancement of the Company's corporate value, and the purposes of the Transactions are valid and reasonable, and (b) believes that the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate and the procedures of the Transaction, including the Tender Offer, are fair, and that consideration has been given to the interests of the Company's general shareholders. Therefore, the Special Committee believes that it remains appropriate for the Company Board of Directors to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer.

In addition, the Special Committee recognizes even after the Tender Offer Change of Conditions 1) the validity and reasonableness of the purposes of the Transactions (including whether the Transactions will contribute to the enhancement of the Company's corporate value), 2) the fairness and appropriateness of the terms and conditions of the Transactions (including whether the increase in corporate value is fairly distributed to general shareholders), and 3) the fairness of the procedures in the Transactions, and therefore, the Special Committee believes that the Transactions are fair to the general shareholders of the Company.

As stated above, the Special Committee hereby reports that there is no change to its opinion expressed to the Company Board of Directors on August 8, 2025.

4) Procurement by the Company of advice from an independent law firm

The Company appointed City-Yuwa Partners as its legal advisor independent from both the Tender Offeror and the Group, and it has received legal advice on measures to be taken to ensure the fairness of procedures in the Transactions, the procedures in the Transactions and the decision-making methods and process of the Company regarding and the Transactions, and on other matters to be aware of when making decisions, as stated in "(2) Process of and reasons for the decision by the Company to support the Tender Offer" in "1. Purpose of and reason for the share consolidation" above.

The Special Committee has confirmed that there are no issues with the independence, expertise, or track record of City-Yuwa Partners, and has approved its appointment, as stated in "3) Establishment by the Company of an independent special committee and procurement by the Company of a report from the special committee" above.

City-Yuwa Partners is not a related party of the Tender Offeror or the Group and does not have any material interest in the Transactions, including the Tender Offer. The fees paid to City-Yuwa Partners are calculated

by multiplying an hourly rate by the number of hours worked, irrespective of the success or failure of the Transactions, and do not include any contingency fees conditional on the successful completion of the Transactions.

5) Establishment of an independent structure for review at the Company

The Company established inside the Company a system to review, negotiate, and decide on the Transactions independent from the Tender Offeror, as stated in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” in “1. Purpose of and reason for the share consolidation” above. Specifically, after receiving a notice from the Tender Offeror on March 3, 2025 that it wished to commence deliberations toward the execution of the Transactions, the Company established a project team to review the Transactions and to engage in discussions and negotiations with the Tender Offeror. The project team is comprised only of employees and officers of the Company who do not concurrently hold, and have not held in the past, positions as officers or employees at the Tender Offeror, and this policy has not changed up to present. Specifically, the Company established an executive office to review the Transactions and to engage in discussions and negotiations with the Tender Offeror, which is comprised of members who are deemed to be independent from the Tender Offeror and the prospective tendering shareholders, namely Mr. Akinori Koyama, (Director, Executive Officer, and Division Manager of Technology Management Division), Mr. Kazuyoshi Ito (Director, Executive Officer, and General Manager of PALTEM Management Group), one Executive Officer, and other employees. The Special Committee confirmed that there were no issues regarding the composition of the executive office from the perspective of independence. In addition, the Company obtained the approval of the Special Committee regarding the review structure of the Company (including the scope and duties of the officers and employees of the Company who are involved in reviewing, negotiating, and deciding on the Transactions) having no issues from the perspective of independence and fairness.

6) Approval of all disinterested Directors of the Company and opinion of all disinterested Audit & Supervisory Board Members of the Company that they have no objection

The Company carefully discussed and examined whether the Transactions, including the Tender Offer by the Tender Offeror, would contribute to the enhancement of the Company's corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate, based on legal advice received from City-Yuwa Partners, the financial advice and the content of the Share Valuation Report received from Daiwa Securities, the Report received from the Special Committee, the content of ongoing discussions with the Tender Offeror held on multiple occasions, and other related materials. As a result, at the Company Board of Directors meeting held on August 8, 2025, the Company Board of Directors resolved, to express its opinion in support of the Tender Offer and to recommend that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer, as described in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” in “1. Purpose of and reason for the share consolidation” above.

Subsequently, the Company decided to maintain (i) its opinion in support of the Tender Offer, and (ii) its opinion recommending that the shareholders of the Company and Share Acquisition Rights holders tender their shares or Share Acquisition Rights in the Tender Offer, even after taking into account the Tender Offer Change of Conditions, at the Company Board of Directors meeting held on October 16, 2025, as described in “(2) Process of and reasons for the decision by the Company to support the Tender Offer” in “1. Purpose of and reason for the share consolidation” above.

At the above Company Board of Directors meetings held on August 8, 2025, and October 16, 2025, of the nine Directors of the Company at that time, Mr. Hiromasa Zaitsu had been an executive officer of the Tender Offeror in the past, Mr. Kaoru Nagatomi formerly belonged to the Tender Offeror, Mr. Yasushi Okada is concurrently serving as an executive officer, etc. of the Tender Offeror at present, and Mr. Takashi Ogawa formerly belonged to a major shareholder of the Tender Offeror, and in view of the fact that the Company is an equity-method affiliate of the Tender Offeror and that the Transactions constitute transactions that typically involve structural conflicts of interest and information asymmetry, in the interest of eliminating the possibility of the deliberations and resolutions at the Company Board of Directors being affected by these issues, the above resolution was unanimously adopted after deliberation by the five Directors excluding those four Directors. In addition, all three of the Audit & Supervisory Board Members

were present at the above Board of Directors meeting, and all of the Audit & Supervisory Board Members present expressed that they had no objection to the above resolution.

Of the Directors of the Company, four Directors, Mr. Hiromasa Zaitsu, Mr. Kaoru Nagatomi, Mr. Yasushi Okada, and Mr. Takashi Ogawa, did not participate in the deliberations and resolutions of the Board of Directors regarding the Transactions, including the above Board of Directors meeting, and did not participate in the discussions and negotiations of the Transactions on the side of the Company, in view of the fact that the Transactions constitute transactions that typically involve structural conflicts of interest and information asymmetry, in the interest of eliminating the possibility of the deliberations and resolutions being affected by these issues.

7) Measures for securing opportunities for purchase by other tender offerors

The Company has not made with the Tender Offeror any agreement that contains transaction protection clauses that prohibit the Company from contacting counter offerors or made any other agreement on any matter that would restrict counter offerors from contacting the Company.

According to the Tender Offeror's disclosure, the Tender Offeror has set the period for acquiring share certificates, etc. in the Tender Offer (the "Tender Offer Period") at 55 business days, which is longer than the shortest tender offer period prescribed under laws and ordinances, namely 20 business days. The Tender Offeror has sought to ensure the fairness of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price by setting a comparatively long Tender Offer Period to ensure an appropriate opportunity for all of the shareholders of the Company and Share Acquisition Rights holders to make a decision about the tendering of their shares or Share Acquisition Rights in response to the Tender Offer while not precluding the opportunity for parties other than the Tender Offeror to make counter offers.

8) Elimination of coercion

As stated in "(5) Policy for organizational restructuring, etc. after the Tender Offer (matters concerning so-called two-step acquisition)" in "3. Details of and Grounds and Reasons for Opinion on the Tender Offer" in the Company's Press Release, the Tender Offeror ensures an opportunity for the Company's shareholders and Share Acquisition Rights holders to properly decide whether or not to tender their shares or Share Acquisition Rights in the Tender Offer and gives consideration to avoid placing coercive pressure on the Company's shareholders and the Share Acquisition Rights holders by (i) employing methods ensuring the right of the Company's shareholders and the Share Acquisition Rights holders to request purchase of shares or to petition for a determination of the price of shares, wherein depending on the number of shares acquired by the Tender Offeror through the successful completion of the Tender Offer, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, either make a demand for share, etc. cash-out for all of the Company's shares (excluding the Company's shares held by the Tender Offeror and treasury shares held by the Company) and all of the Share Acquisition Rights (excluding the Share Acquisition Rights held by the Tender Offeror) or will make a demand to the Company to convene this Extraordinary General Meeting of Shareholders at which the agenda items will include proposals for a share consolidation and a partial amendment to the Company's Articles of Incorporation to abolish the provisions on the number of shares constituting one unit on the condition that the share consolidation takes effect and (ii) clarifying that the amount of money to be delivered to the Company's shareholders and the Share Acquisition Rights holders as consideration in the demand for share, etc. cash-out or the share consolidation will be calculated in a manner so that it becomes equal to the price obtained by multiplying the Tender Offer Price by the number of the Company's shares owned by those shareholders (excluding the Tender Offeror and the Company) or the price obtained by multiplying the Share Acquisition Rights Tender Offer Price by the number of the Share Acquisition Rights owned by those Share Acquisition Rights holders.

4. Disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property after the last day of the most recent fiscal year in the Company

(1) Tender Offer

As described in "1. Purpose of and reason for the share consolidation" above, the Tender Offeror conducted the Tender Offer during the Tender Offer Period from August 12, 2025 to October 30, 2025, and as a result,

as of November 6, 2025 (the commencement date of settlement of the Tender Offer), came to own 3,699,568 shares of the Company's shares (voting rights ownership ratio: 61.34%).

(2) Retirement of treasury shares

On December 19, 2025, the Board of Directors of the Company resolved to retire 28,130 treasury shares, which represent all of the treasury shares as of November 28, 2025, effective February 27, 2026. This retirement of treasury shares is on the condition that the proposal concerning the Share Consolidation be approved and adopted as originally proposed at this Extraordinary General Meeting of Shareholders.

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

- (1) If Proposal No. 1, "Share Consolidation," is approved and adopted as originally proposed and the Share Consolidation becomes effective, the total number of authorized shares of the Company's shares will be reduced to eight shares, in accordance with provisions of Article 182, paragraph (2) of the Companies Act. To clarify this point, the Company proposes to amend Article 6 (Total Number of Authorized Shares) of the Articles of Incorporation on the condition that the Share Consolidation become effective.
- (2) If Proposal No. 1, "Share Consolidation," is approved and adopted as originally proposed and the Share Consolidation becomes effective, the total number of issued shares of the Company will be two shares, and it will be no longer necessary to specify the number of shares constituting one unit. Therefore, on the condition that the Share Consolidation become effective, in order to abolish the provisions for the number of shares constituting one unit of the Company's shares, which specify that the number of shares constituting one unit shall be 100 shares, the Company proposes to delete all of the texts for Article 8 (Number of Shares Constituting One Unit), Article 9 (Rights in Relation to Shares Less than One Unit) and Article 10 (Additional Sale Request of Shares Less than One Unit) of the Articles of Incorporation, and renumber the articles following these articles accordingly.
- (3) If Proposal No. 1, "Share Consolidation," is approved and adopted as originally proposed, the implementation of the Share Consolidation will result in the Tender Offeror becoming the Company's sole shareholder, thereby rendering the provisions regarding the record date for an annual general meeting of shareholders unnecessary. Therefore, on the condition that the Share Consolidation become effective, the Company proposes to delete all of the texts for Article 14 (Record Date for an Annual General Meeting of Shareholders) of the Articles of Incorporation, and renumber the articles following this article accordingly.
- (4) If Proposal No. 1, "Share Consolidation," is approved and adopted as originally proposed, the implementation of the Share Consolidation will result in the delisting of the Company's shares and the Tender Offeror becoming the Company's sole shareholder, thereby rendering the provisions regarding the system for providing informational materials for the general meeting of shareholders in electronic format unnecessary. Therefore, on the condition that the Share Consolidation become effective, the Company proposes to delete all of the texts for Article 16 (Measures, etc. for Providing Information in Electronic Format) of the Articles of Incorporation, and renumber the articles following this article accordingly.

2. Details of the amendments

Details of the amendments are as follows: On the condition that Proposal No. 1, "Share Consolidation," be approved and adopted as originally proposed at this Extraordinary General Meeting of Shareholders and the Share Consolidation become effective, the amendments to the Articles of Incorporation will become effective on March 1, 2026, the effective date of the Share Consolidation.

(Underlined parts indicate the parts to be amended.)

Current Articles of Incorporation	Amendment proposal
<u>Article 6. (Total Number of Authorized Shares)</u> The total number of authorized shares of the Company shall be <u>22,000,000</u> shares.	Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>eight</u> shares.
<u>Article 7. (Text omitted)</u>	Article 7. (Unchanged) (Deleted)
<u>Article 8. (Number of Shares Constituting One Unit)</u> <u>The number of shares constituting one unit of the Company shall be 100 shares.</u>	
<u>Article 9. (Rights in Relation to Shares of Less than One Unit)</u> <u>A shareholder of the Company may not exercise any rights other than the rights listed below regarding shares less than one unit held by the shareholder:</u> 1. <u>Rights set forth in items of Article 189, paragraph (2) of the Companies Act;</u> 2. <u>Right to request acquisition of shares with put options;</u> 3. <u>Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder; and</u>	(Deleted)

Current Articles of Incorporation	Amendment proposal
<u>4. The right to make a request as provided for in the following Article.</u>	
<u>Article 10. (Additional Sale Request of Shares Less than One Unit)</u> <u>A shareholder holding shares less than one unit may request that the Company sell such shareholder the specified number of shares, which may constitute one unit if combined with the shares less than one unit already held by such shareholder (hereinafter the “Additional Sale Request”). However, this shall not apply to cases where the Company does not hold a sufficient number of treasury shares to be sold. The timing and method of making the Additional Sale Request and other related matters shall be in accordance with the Share Handling Regulations established by the Board of Directors.</u> Articles <u>11.</u> to <u>13.</u> (Text omitted)	(Deleted)
<u>Article 14. (Record Date for an Annual General Meeting of Shareholders)</u> <u>The record date for voting rights at the Company’s annual general meeting of shareholders shall be March 31 every year.</u> Article <u>15.</u> (Text omitted)	Articles <u>8.</u> to <u>10.</u> (Unchanged) (Deleted)
<u>Article 16. (Measures, etc. for Providing Information in Electronic Format)</u> <u>When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u> Articles <u>17.</u> to <u>34.</u> (Text omitted)	Article <u>11.</u> (Unchanged) (Deleted) Articles <u>12.</u> to <u>29.</u> (Unchanged)