

TRANSLATION – FOR REFERENCE ONLY

Company	METAWATER Co., Ltd.
Representative	Kenji Yamaguchi, President and Representative Director (Securities code: 9551 Prime Market of Tokyo Stock Exchange)
Contact	Shingo Nishimura, Executive Officer Executive General Manager, Corporate Strategy Planning Office (TEL.+81-3-6853-7317)

Notice Concerning Commencement of Tender Offer for Shares of SUIDO KIKO KAISHA, LTD. (Securities Code: 6403) and Capital and Business Alliance with SUIDO KIKO and Toray Industries, Inc.

METAWATER Co., Ltd. (hereinafter referred to as the “Tender Offeror”) hereby announces that its Board of Directors, at a meeting held today, has resolved to acquire common shares (hereinafter referred to as the “Target Company Shares”) of SUIDO KIKO KAISHA, LTD. (securities code: 6403, listed on the Standard Market of the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”), hereinafter referred to as the “Target Company”) through a tender offer (hereinafter referred to as the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent revisions, hereinafter referred to as the “Act”), as follows.

1. Purpose of the Purchase, etc.

(1) Outline of the Tender Offer

At a meeting of the Board of Directors held today, the Tender Offeror resolved to conduct the Tender Offer as part of a series of transactions (hereinafter referred to as the “Transactions”) for the purpose of making the Target Company Shares private by acquiring all of the Target Company Shares listed on the Standard Market of the Tokyo Stock Exchange (however, treasury shares held by the Target Company and the Shares Under the Non-Tender Agreement (defined below) are excluded), thereby making the Tender Offeror and Toray Industries, Inc., the parent company of the Target Company (hereinafter referred to as “Toray”), the only shareholders of the Target Company. They further resolved to enter into a non-tender offer agreement (hereinafter referred to as the “Non-Tender Agreement”) and shareholders agreement (hereinafter referred to as the “Shareholders Agreement”) with Toray, and a capital and business alliance agreement (hereinafter referred to as the “Capital and Business Alliance Agreement”) with the Target Company and Toray (the Non-Tender Agreement, Shareholders Agreement, and Capital and Business Alliance Agreement are collectively referred to as the “Definitive Agreements.” For an outline of the Definitive Agreements, please refer to “① Non-Tender Agreement,” “② Shareholders Agreement,” and “③ Capital and Business Alliance Agreement” in “(6) Matters Related to Material Agreements Concerning the Tender Offer” below). As of today, the Tender Offeror does not hold any Target Company Shares.

With regard to implementation of the Tender Offer, the Tender Offeror has entered into the Definitive Agreements as of today. Of these, under the Non-Tender Agreement, Toray has agreed not to tender any of the Target Company Shares held by Toray (number of shares held: 2,191,000 shares, ownership ratio (Note 1): 51.06%, hereinafter referred to as the “Shares Under the Non-Tender Agreement”) in the Tender Offer and to continue holding the Target Company Shares even after the conclusion of the Tender Offer. It is expected that even after the Transactions, Toray will continue to hold Target Company Shares as the parent company of the Target Company, and the Tender Offeror believes that it is reasonable for Toray to continue to be involved in the Target Company as the parent company in order to enhance the corporate value of the Target Company. As a result of discussions between Toray and the Tender Offeror, Toray will continue to be the parent company of the Target Company through the Transactions, and the Tender Offeror will make the Target Company an equity-method affiliate.

(Note 1) “Ownership ratio” refers to the ratio (rounded to two decimal places; the same applies hereinafter in calculating ownership ratios) to the total number of issued shares of the Target Company as of December 31, 2025 (4,295,968 shares) as stated in the “Third Quarter Financial Results for the Fiscal Year Ending March 2026” (hereinafter, the “Target Company’s Third Quarter Financial Results”) released by the Target Company today, less the number of treasury shares held by the Target Company as of that same date (5,290 shares; resulting in 4,290,678 shares, hereinafter referred to as the “Base Number of Shares”).

In the Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased at 669,400 shares (ownership ratio: 15.60%) (Note 2), and if the total number of shares, etc. tendered in the Tender Offer (hereinafter referred to as the “Tendered Shares”) is less than the minimum number of shares to be purchased (669,400 shares), the Tender Offeror will not purchase, etc. any of the Tendered Shares. On the other hand, as stated above, since the Tender Offeror intends to make the Target Company Shares private by acquiring all of the Target Company Shares (excluding treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement), the Tender Offeror has not set an upper limit on the number of shares to be purchased. If the total number of Tendered Shares exceeds the minimum number of shares to be purchased (669,400 shares), the Tender Offeror will purchase, etc. all of the Tendered Shares.

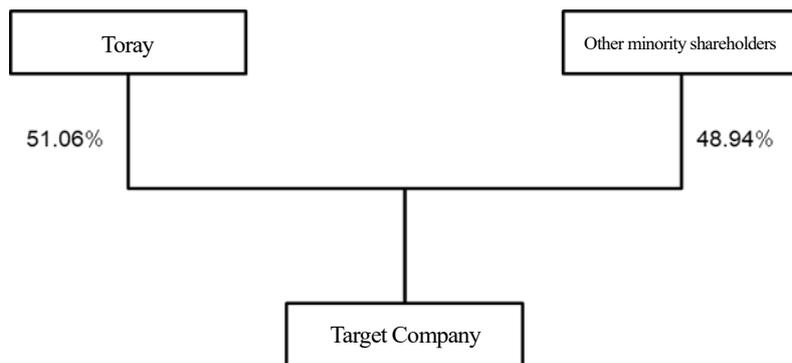
(Note 2) The minimum number of shares to be purchased (669,400 shares) has been calculated by multiplying the number of voting rights (42,906) pertaining to the Base Number of Shares (4,290,678 shares) by two-thirds (28,604 shares), minus the number of voting rights pertaining to the Shares Under the Non-Tender Agreement (21,910), and then multiplying the result by the number of shares constituting one unit of the Target Company (100 shares). If the Tender Offeror fails to acquire all of the Target Company Shares (excluding treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement) in the Tender Offer, after the completion of the Tender Offer, the Tender Offeror plans to request the Target Company to implement procedures for the consolidation of the Target Company Shares (hereinafter referred to as the “Share Consolidation”) pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, including subsequent revisions, hereinafter referred to as the “Companies Act”), which will be implemented for the purpose of making the Tender Offeror and Toray the only shareholders of the Target Company. Since the Share Consolidation requires a special resolution at a general meeting of shareholders as prescribed in Article 309, Paragraph 2 of the Companies Act, the Tender Offeror has set up a system wherein the Tender Offeror and Toray will hold at least two-thirds of the voting rights of all shareholders of the Target Company after the Tender Offer in order to ensure the implementation of the Transactions.

If the Tender Offeror fails to acquire all of the Target Company Shares (excluding treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement) through the Tender Offer, after the completion of the Tender Offer, the Tender Offeror plans to request the implementation of a series of procedures (hereinafter referred to as the “Squeeze-Out Procedure”) necessary to make the Tender Offeror and Toray the only shareholders of the Target Company through the Share Consolidation, as described in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters Related to the So-Called Two-Step Acquisition)” below. After the completion of the Squeeze-Out Procedure, the plan in principle is for Toray and the Tender Offeror to hold 51% and 49% of the voting rights in the Target Company, respectively.

The Transactions are summarized in the following diagrams.

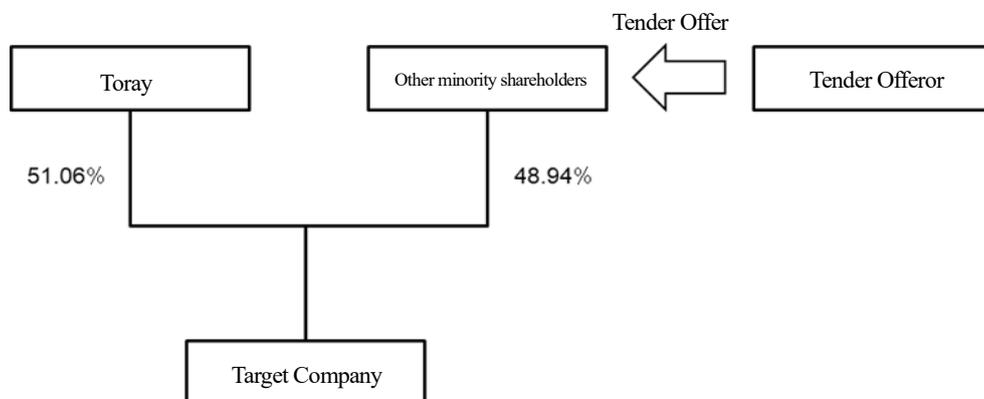
I. Before Implementation of the Tender Offer (Current)

As of today, Toray holds 2,191,000 Target Company Shares (ownership ratio: 51.06%), and other minority shareholders hold 2,099,678 Target Company Shares (ownership ratio: 48.94%).



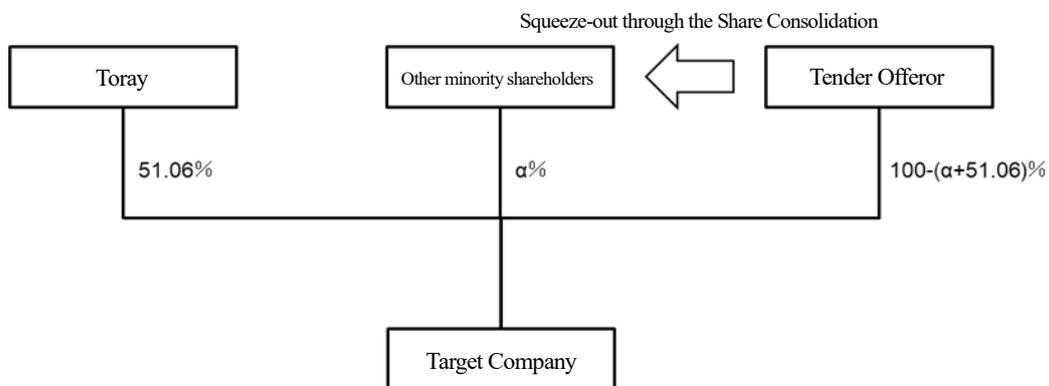
II. Tender Offer (from February 6, 2026 to March 24, 2026)

For the purpose of taking the Target Company Shares private, the Tender Offeror will conduct the Tender Offer for all of the Target Company Shares (excluding treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement).



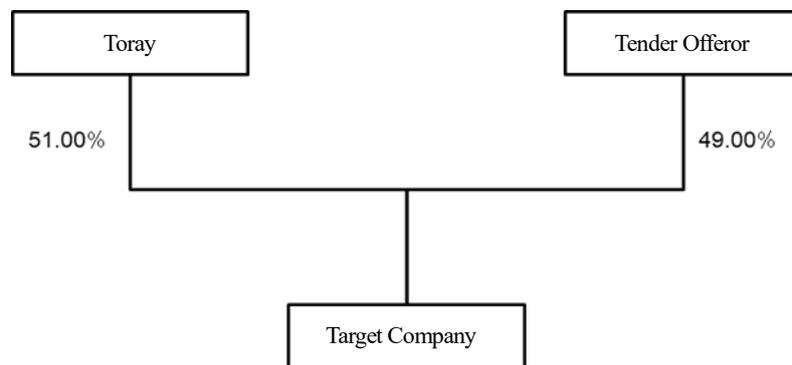
III. (After Completion of the Tender Offer) The Squeeze-Out Procedure Through the Share Consolidation (late March 2026 (planned))

If the Tender Offeror fails to acquire all of the Target Company Shares (excluding treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement), the Tender Offeror, together with Toray, will request the Target Company to carry out the procedures for the Share Consolidation, subject to the completion of the Tender Offer and settlement, and the Target Company will implement procedures to make the Tender Offeror and Toray the only shareholders of the Target Company.



IV. After Execution of the Transactions (mid-August 2026 (planned))

After the completion of the Squeeze-Out Procedure, the plan in principle is for Toray and the Tender Offeror to hold 51% and 49% of the voting rights in the Target Company, respectively.



Although the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange as of today, as described in “(5) Prospects and Reasons for Delisting” below, depending on the results of the Tender Offer, the Target Company Shares may be delisted through the prescribed procedures. Additionally, if the Squeeze-Out Procedure is implemented after the completion of the Tender Offer, the Target Company Shares will be delisted through the prescribed procedures.

According to the “Announcement of Opinion Regarding Tender Offer for Our Shares, etc. by METAWATER Co., Ltd.” (hereinafter referred to as the “Target Company Press Release”) released by the Target Company today, the Target Company, at a meeting of its Board of Directors held today, resolved to express its opinion in favor of the Tender Offer and to recommend that its shareholders tender their shares in response to the Tender Offer. For details of the decision-making process of the Target Company’s Board of Directors, please refer to the Target Company Press Release and “⑦ Approval of All Directors of the Target Company With No Conflicts of Interest (Including Directors who are Audit and Supervisory Committee Members)” in “(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(2) Background, Purpose, and Decision-Making Processes That Led to the Decision to Conduct the Tender Offer, and the Management Policy After the Tender Offer

① Background, Purpose, and Decision-Making Processes That Led to the Decision to Conduct the Tender Offer

In April 2007, NGK INSULATORS, LTD. and Fuji Electric Systems Co., Ltd. succeeded their water environment businesses to NGK Water Environment Systems, Ltd. (hereinafter referred to as “NGK Water Environment Systems”) and Fuji Electric Water Environmental Systems Co., Ltd. (hereinafter referred to as “Fuji Electric Water Environmental Systems”), respectively, through absorption-type company splits. On April 1, 2008, the Tender Offeror was established through a merger wherein NGK Water Environment Systems was the surviving company and Fuji Electric Water Environmental Systems was the extinguished company, under the trade name METAWATER Co., Ltd. After first listing on the First Section of the Tokyo Stock Exchange in December 2014, the shares of the Tender Offeror are now listed on the Prime Market of the Tokyo Stock Exchange due to the revision of the Tokyo Stock Exchange’s market classification in April 2022.

As of today, the Tender Offeror’s group consists of the Tender Offeror, 17 consolidated subsidiaries, 27 non-consolidated subsidiaries, and 13 affiliated companies (hereinafter referred to as the “Tender Offeror Group”). The Tender Offeror Group engages in business in four segments: the Environmental Engineering Business, the System Solution Business, the Operating Business, and the International Business. Details of each business are as follows.

- Environmental Engineering Business

Comprised of the Water Environmental Business and the Resource & Environmental Business, their main business is the design, construction, maintenance, and management of machinery and equipment for domestic water purification plants, sewage treatment plants, and resource recycling facilities.

- System Solution Business
Comprised of the System Engineering Business and the Customer Engineering Business, their main business is the design, manufacture, maintenance, and management of electrical equipment for domestic water purification and sewage treatment plants.
- Operating Business
Their main business is the operation of water purification plants, sewage treatment plants, and resource recycling facilities in Japan.
- International Business
Their main business is the design, construction, maintenance, and management of facilities and equipment for overseas water purification plants and sewage treatment plants, as well as business in the private sector.

In the domestic water supply and sewerage market, which is the main business of the Tender Offeror Group, the Tender Offeror believes that, in addition to the financial difficulties of local governments and the shortage of engineers caused by factors such as population decline, aging facilities and equipment developed during the period of high economic growth and the need to take measures against natural disasters such as major earthquakes, typhoons, and torrential rains are urgent issues. Under these circumstances, public-private partnerships utilizing private sector funds, technologies, and know-how through the enforcement of the PFI (Note 1) Act and the revision of the Water Supply Act, as well as initiatives based on the National Resilience Plan, are steadily progressing in the areas of water supply, industrial water supply, and sewerage. In particular, under the PPP (Note 2)/PFI Promotion Action Plan (Cabinet Office: revised in 2023), the introduction and expansion of “Water PPP,” (Note 3) a new private-sector cooperation method, is being promoted in order to enhance both the quality and quantity of PPP/PFI. In addition, on the back of technological innovations such as AI and IoT, new business opportunities and business models are being created by introducing remote monitoring into the operation and management of water and wastewater treatment plants, proposing unmanned and labor-saving operations, and more. Meanwhile, in the international water supply and sewerage market, in developed countries such as Europe and the United States, the aging of facilities and equipment is considered to be an important issue, as is the utilization of recycled water to secure water resources in the United States and responding to stricter environmental regulations in Europe. In addition, demand for water supply and sewerage infrastructure is increasing in the Southeast Asia region as demand for water increases due to population growth. It is believed that business opportunities are expected to expand in the future, driven by the challenges and needs in the water supply and sewerage markets of each country. Furthermore, in recent years, there have been concerns regarding risks such as inflation around the world, fluctuations in financial and capital markets, developments in the Middle East, and the impact of U.S. policy developments.

(Note 1) “Private Finance Initiative,” a method for comprehensively implementing operations such as the design, construction, maintenance, and repair of facilities by utilizing the funds and know-how of private businesses.

(Note 2) “Public-Private Partnership,” a method in which the private sector participates in the provision of public services.

(Note 3) “Water PPP” is an action plan of the Ministry of Land, Infrastructure, Transport and Tourism for the renewal and development of water and sewerage facilities through 2031 using the public-private partnership method.

In light of this market environment, on April 24, 2024, the Tender Offeror Group formulated the “Medium-Term Management Plan 2027,” with the fiscal year ending March 2028 (FYE 3/’28) as the final year, in order to realize its long-term vision. The Tender Offeror Group has set management targets for FYE 3/’28 of 200 billion yen or more in orders received, 200 billion yen in net sales, and 13 billion yen in operating income, and is promoting the following growth strategies in each business segment.

- Environmental Engineering Business:
The Environmental Engineering Business consists of the Water Environmental Business and the Resource & Environmental Business. In the Water Environment Business, they are working to develop and introduce products and systems that contribute to the reduction of greenhouse gas emissions from water and sewerage facilities in order to respond to recent environmental issues. In addition, in response to the increasing demand for renovation and replacement of water and wastewater facilities in the future, they are strengthening their competitiveness by

proposing maintenance management as a starting point and pursuing optimal LCC (life cycle cost) in order to acquire new facilities (water purification plants, sewage treatment plants, etc.). In the Resource & Environmental Business, in order to raise corporate awareness, the Tender Offeror acquired the naming rights for and named METAWATER Sustainable Park Koganei, the first cleaning-related facility in Tokyo to have naming rights granted for it, in March 2025. As the number of DBO (Note 4) projects continues to increase due to the demand for the renewal of resource recycling facilities, they will strengthen their organizational capabilities and cooperation with partner companies for everything from proposal to design, construction, and maintenance, to acquire new facilities and contribute to the local community.

(Note 4) “Design Build Operate,” a system in which the public procures funds and outsources the design, construction, and operation to the private sector.

- System Solution Business:

The System Solution Business consists of the System Engineering Business and the Customer Engineering Business. In the System Engineering Business, they are actively promoting the migration (Note 5) of monitoring systems and investment in development in order to capture new demand for electrical equipment replacement in response to the aging of electrical equipment in water and sewerage facilities that will be arising in the future. In addition, they are working to reform engineering methods through deeper levels of cooperation with partner companies and working across business divisions with the aim of improving quality through data linkage and reducing costs by further improving operational efficiency through the use of ICT (Note 6) and other means. In the Customer Engineering Business, they are strengthening their ability to make proposals to customers by utilizing accumulated experience and know-how, and are working to obtain ongoing maintenance and repair work for electrical facilities. In addition, they aim to acquire new customers and new businesses by expanding sales of and utilizing WBC (Note 7).

(Note 5) “Migration” refers to the transfer or migration of existing systems and software to a new environment.

(Note 6) “ICT” stands for “Information and Communication Technology” and collectively refers to information processing and information communication technology.

(Note 7) “Water Business Cloud,” an ICT service that supports water supply and sewerage businesses using a cloud-based platform.

- Operating Business:

In Japan, the Tender Offeror Group sees the newly introduced “Water PPP,” a public-private partnership system, as a opportunity to solve the issues of a declining population, shortage of engineers in local governments, and financial difficulties that will become more apparent in the future. About 20 years have passed since the PFI Act came into effect, and many of the projects that were started in the early stages are nearing the end of their contracts and entering their second phases. As such, the Tender Offeror Group is promoting new business models that take advantage of its track record and know-how, and are making proposals to local governments that are tailored to regional characteristics. In addition, with regard to the facilities operated by the Tender Offeror Group, they are utilizing the Operation Support Center (OSC), an organization within the Tender Offeror Group, to reduce the number of local operators, automate operations, and accumulate and advance operating know-how in order to strengthen competitiveness and expand its operating business.

- International Business:

The Tender Offeror Group has positioned Europe and the United States as strategic areas amid concerns over water shortages and intensified environmental regulations in the U.S. and European markets, and is focusing on the reclaimed water market and advanced treatment processes such as the treatment of trace pollutants. They also aim to create further synergies by strengthening cooperation between the Tender Offeror and Group companies in Europe and the United States. In Asian markets, they are strengthening cooperation with local companies to expand sales of the technologies and systems unique to the Tender Offeror Group. In April 2025, the Tender Offeror acquired all shares of Schwing Bioset, Inc., a U.S. engineering company, through its U.S. subsidiary,

METAWATER USA, INC. With Europe and the United States as strategic areas, they aim to further expand their business.

Meanwhile, according to the Target Company Press Release, the founding of the Target Company dates back to August 1924, when the urban engineering division, the parent organization of the Target Company, was established within L Leybold Co., Ltd. and began importing water treatment equipment made in Germany. In January 1936, the Target Company began operating as NIHON ONSENKAN KAISHA, Ltd. with the purpose of manufacturing sintered hot spring pipes. The Target Company changed its trade name to SUIDO KIKO KAISHA, LTD., in December of 1946, and began full-scale business development of water treatment machines and equipment, mainly in water supply facilities. After that, the Target Company registered its shares on the Tokyo Over-the-Counter Market in February 1963. Following the merger of the Tokyo Stock Exchange and the Osaka Exchange, Inc. in July 2013, the shares were listed on the JASDAQ (Standard) of the Tokyo Stock Exchange. In April 2022, the market classification of the Tokyo Stock Exchange was revised and the shares were transferred to the Standard Market of the Tokyo Stock Exchange.

As of today, the Target Company consists of the Target Company, its parent company Toray Industries, five subsidiaries, and two affiliates (hereinafter referred to as the “Target Company Group”), and operates in the Plant Construction and O&M segments.

- Plant Construction:

Manufacture and sale of water purification equipment for water supply facilities, water treatment equipment for sewerage facilities, water treatment equipment for industrial water and wastewater facilities, etc.

- O&M:

Maintenance and operation management related to water purification equipment for water supply facilities, water treatment equipment for sewerage facilities, water treatment equipment for industrial water and wastewater facilities, etc.

In the water supply and sewerage water treatment field, which is the core of the Target Company Group, the environment surrounding water supply infrastructure is such that, despite increased investment for the renewal of aging facilities on the back of robust public investment, further measures are being required to make facilities earthquake- and disaster-resistant, and there are challenges such as the aging of water treatment plants and other water purification facilities owned by local governments and other water utilities, decreases in fee revenue due to a decrease in the population being served by the water services, and a shortage of water-related personnel. Under these circumstances, in February 2023, the Target Company Group formulated a medium-term management plan for the period from 2023 to 2025 in order to play a major role in solving water infrastructure issues over the medium to long term. The Target Company Group has set a target of 30 billion yen in net sales for the fiscal year ending March 2031 as a 2030 target, and is implementing the following measures to change the operating income structure.

- ① Strengthening group management and comprehensive capabilities: Sharing and implementing various issues throughout the group, and strengthening cooperation within the group under functional organizations
- ② Expanding maintenance business revenues: Building a foundation by expanding service stations (Note 8) to achieve the 2030 net sales target
- ③ Strengthening response to public-private partnership projects (PPP/PFI, DB/DBO (Note 9)): Expanding participation in related projects
- ④ Strengthening manufacturing and development functions: Expanding product manufacturing and development infrastructure and unifying product management
- ⑤ Promoting personnel exchange within the group: Dispatching officers and executives to promote exchange and integration
- ⑥ Promoting M&A and alliances: Exploring M&A opportunities across businesses

(Note 8) “Service stations” refer to facilities staffed with technical service personnel who can immediately respond to maintenance for existing customers.

(Note 9) “Design Build/Design Build Operation,” a contract format based on a batch order method.

The Target Company Group has set out its “vision for the company around 2030” as a transformation of its business structure to generate 60% of its operating income from the water treatment plant maintenance business, and the medium-term management plan period from 2023 to 2025 has been positioned as a preparatory period for this structural transformation. In FYE 3/’26, the Target Company Group has been continuing to implement the above measures across group companies and businesses, focusing on strengthening group management and comprehensive capabilities.

According to the business outlook of the Target Company Group, in the water supply and sewerage field, investment in infrastructure for water supply purification facilities is expected to expand as part of investments in earthquake and disaster resistance as a measure for national resilience. In the medium to long term, the target market is expected to expand as the Ministry of Land, Infrastructure, Transport and Tourism promotes the Water PPP, a measure for renewing and improving water supply and sewerage facilities, and accelerates wide-area collaboration in the water supply business, leading to the consolidation and renewal of aging facilities.

Based on the business policies in its medium-term management plan, the Target Company Group is working to strengthen and expand its business foundations by focusing on the following issues as pillars of the group.

Business Category	Target Business Areas, etc.	Medium-Term Business Policy	Immediate Challenges
Plant construction	Renewal and construction of facilities such as water purification plants	Amidst changes in ordering patterns in the public water supply market from an ordering system led by local governments to one based on public-private partnerships, in addition to securing profits in the renewal and construction market, they aim to maintain current profits in the field of water purification plant renewal and construction by enhancing their presence in the DB market.	Maintaining and securing orders Maintaining business foundations and personnel structure Promoting new product development
	Construction of wastewater facilities for private use	They aim to expand their customer base for future maintenance through the delivery of equipment that utilizes Toray’s water treatment materials and systems.	Expanding order volume Future expansion of maintenance
	Manufacture and sale of standard products for water purification plants	They aim to strengthen and improve functionality as a manufacturing and development base for products for water purification plants.	Improving and expanding manufacturing and development systems
O&M	Maintenance of water purification plants, etc.	Given that customers’ need for maintenance of water treatment plants and other facilities is increasing, they aim to strengthen their efforts to identify potential maintenance needs for existing facilities to establish a stable revenue base.	Expanding order volume Expanding business foundations and personnel structure

Under these circumstances, as the Water PPP progresses in the water supply and sewerage business, the competitive environment is becoming more intense, with competitors also actively participating in private-sector partnership projects and expanding their business areas. In light of this, the Tender Offeror is promoting the acquisition of new facilities by strengthening cooperation with partner companies as part of its growth strategy. The Tender Offeror first entered into a business alliance agreement with the Target Company in March 2013 in the domestic water supply and sewerage and reclaimed water treatment fields, and has been building a relationship with the Target Company. Through the business alliance, the Tender Offeror recognized that the Target Company has a strong presence in the domestic water supply business backed by its long track record in the engineering and O&M fields, and a large share with rapid filtration systems. However, they also recognized that, amidst changes in the business environment

resulting from the development of the Water PPP described above, there are challenges, such as how to respond to the sewerage field when the water supply and sewerage system are integrated, how to respond to the equipment of water purification plants and sewage treatment plants as a whole (mechanical and electrical equipment), and how to strengthen business operation know-how. The Tender Offeror considers its strengths to lie in the technology for optimizing water treatment facilities and related facilities as a whole through the fusion of mechanical and electrical technologies (mechatronical fusion), the provision of total solutions including maintenance and management know-how and ICT, a strong track record in public-private partnership projects, such as concession projects in Miyagi and Kumamoto prefectures (Note 10) and comprehensive consignment projects in Fukuchiyama City in Kyoto Prefecture, Arao City in Kumamoto Prefecture, etc., and business operation know-how with an eye toward the development of the Water PPP. On the other hand, from the perspective of further strengthening their ability to respond to changes in the business environment that may occur in the future, they recognize that issues that need to be addressed include the expansion and supplementation of functions related to specialized technology, the expansion of resources for engineers (supervising engineers, consulting engineers, construction management engineers, etc.), and the marketing, design, and development of new technologies and new business models. The Tender Offeror believes that through the Transactions, it will be possible to further enhance the corporate value of both companies by creating synergies that combine the strengths of both parties and addressing issues taking into account environmental changes in the water supply and sewerage business. The Tender Offeror also believes that taking the Target Company Shares private through the Transactions will enable it to consider bold and flexible measures that could not be adopted under the short-term valuations of the stock market and accelerate its efforts to increase corporate value through business investments from a medium- to long-term perspective. The Tender Offeror expects that Toray will continue to hold the Target Company Shares as the parent company of the Target Company, and believes that the involvement of Toray as the parent company is reasonable to a certain extent in order for the Tender Offeror and the Target Company to both enjoy the synergies realized through the Transactions and see enhancement of their corporate values. As such, the Tender Offeror intends to become a new affiliate of the Target Company through the Transactions.

The Tender Offeror believes that the Transactions will enable the realization of the following synergies. Since the Target Company is an equity-method affiliate of the Tender Offeror, there is a possibility that a portion of the benefits from the synergies generated will be attributable to Toray, the parent company of the Target Company. However, in light of the synergies enjoyed by the Tender Offeror and the synergies that will continue to be realized through Toray's technical involvement, name recognition, and financial strength, the Tender Offeror believes that it is desirable and reasonable to a certain extent for Toray to remain as the parent company of the Target Company after the Transactions. (Note 10) "Concession" refers to a method in which the right to operate a public facility for which usage fees are collected is granted to a private operator while the ownership of the facility is retained by a public entity.

(i) Strengthening business management know-how in anticipation of the development of the Water PPP

The Tender Offeror believes that it has a proven track record as a representative company in Water PPP projects and extensive know-how in operating special purpose companies (SPC), and that the business operational know-how possessed by the Tender Offeror can be shared by jointly bidding on Water PPP projects.

(ii) Creating synergies through the integration of the Target Company's strengths in machinery and equipment in the water supply sector (particularly, related water purification equipment using rapid filtration), and the Tender Offeror's technology and expertise regarding electrical equipment as a whole

The Tender Offeror believes that it will be possible to strengthen proposals to customers (differentiation from other companies, cost competitiveness, etc.) by linking the Tender Offeror's electrical equipment and WBCs (both existing and non-existent) at existing facilities that adopt the Target Company's rapid filtration systems.

(iii) Expanding business both in Japan and overseas through synergies between the technologies and systems possessed by the two groups

The Tender Offeror believes that it will be possible to link the Target Company's water supply technology with the Tender Offeror's electrical technology, and to collaborate with the Target Company (for example, exporting the

Target Company's technology and importing the Tender Offeror's overseas subsidiaries' technology) in the Tender Offeror's international business (overseas subsidiaries).

- (iv) Utilizing the resources of both companies to create new businesses, strengthen development capabilities, and improve the efficiency of administrative and back-office departments

The Tender Offeror believes that by proposing wide-area maintenance and management through collaboration between the maintenance and management facilities of the Tender Offeror's water supply and sewerage business (for example, automation and labor-saving in cooperation with the Tender Offeror's Operation Support Center (OSC)), and by developing new systems and services that combine the Target Company's filtration technology, etc., with the Tender Offeror's control technology, etc., it will be possible to create new businesses, strengthen development capabilities, and improve the efficiency of administrative and back-office departments.

In general, the disadvantages of taking the Target Company Shares private include a decline in social creditworthiness, a possible decrease in the number of business partners, the loss of the means of raising funds through direct financing, and an adverse impact on securing human resources, including the hiring of employees and human resources. However, the Tender Offeror believes that the decline in creditworthiness will not have a significant impact given the creditworthiness of its parent company, Toray Industries, and the Target Company's 100-year history, which has led to a track record of deliveries to numerous local governments, as well as its recent business performance, etc.; that since contractors are selected through fair bidding, regardless of whether a company is listed or unlisted, there will be no impact such as a decrease in orders, delayed payment, etc., and so delisting will not be a direct cause of a decrease in the number of business partners; and that by ensuring name recognition through corporate publicity such as TV commercials, advertising media, social media, etc., securing human resources will not be an issue. As such, the Tender Offeror believes that the disadvantages of taking the Target Company Shares private will be limited.

Based on these considerations, starting early November 2023, the Tender Offeror made a request to Toray and the Target Company to commence discussions toward a capital alliance. In the course of continuing discussions, Toray and the Target Company responded in early June 2024 that they would accept such discussions, and in late June 2024, the Tender Offeror appointed Mori Hamada & Matsumoto as its legal advisor. Subsequently, in early July 2024 the Tender Offeror confirmed in the course of the discussions that Toray and the Target Company intended to consider the Transactions. On July 11, 2024, Toray and the Target Company entered into a non-disclosure agreement for the purpose of examining the possibility of realizing a capital and business alliance. The Tender Offeror then appointed Mizuho Securities Co., Ltd. (hereinafter referred to as "Mizuho Securities") as its financial advisor in mid-July 2024 for step-by-step considerations related to the Transactions. The Tender Offeror conducted an internal review of the potential synergies and dissynergies resulting from the capital alliance, the funds required for the capital alliance, and the internal framework for such a review. After repeated discussions with Toray and the Target Company, on December 26, 2024, the Tender Offeror submitted an initial statement of intent regarding the Transactions to Toray and the Target Company and requested that due diligence be conducted on the Target Company Group. On January 29, 2025, the Target Company requested that the due diligence be conducted in early October, postponing the anticipated schedule by approximately six months, in order to establish a framework and prepare for the Transactions. The Tender Offeror and Toray accepted the request.

After once again considering implementation of the Transactions in mid-July 2025, on July 30, 2025, the Tender Offeror once more submitted an initial statement of intent to Toray and the Target Company reiterating its desire to consider acquiring the Target Company Shares other than those held by Toray and to conduct due diligence on the Target Company Group. On September 18, 2025, Toray and the Target Company notified the Tender Offeror that they would proceed with specific discussions toward the implementation of the Transactions and that the Target Company would accept the due diligence.

Based on the due diligence conducted on the Target Company Group from early October to late December 2025, the Tender Offeror found no material problems that would force them to discontinue consideration of the Transactions, and therefore made an initial proposal in writing on December 25, 2025 to the Target Company and the Special Committee (defined in "② Target Company's Decision-Making Process and Reasons for Supporting the Tender Offer")

below. The same applies hereinafter) that the purchase price per share of the Target Company Shares in the Tender Offer (hereinafter referred to as the “Tender Offer Price”) be 3,400 yen (a premium of 12.03% (rounded to two decimal places; the same applies hereinafter in calculating premium rates) on the closing price of 3,035 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on December 24, 2025, the business day immediately preceding the proposal date, 12.36% on the simple average closing price of 3,026 yen (rounded to the nearest yen; the same applies hereinafter in calculating simple average closing prices) for the one-month period up to that date, 14.02% on the simple average closing price of 2,982 yen for the three-month period up to that date, and 23.41% on the simple average closing price of 2,755 yen for the six-month period up to that date) on the assumption that the Target Company will not pay any year-end dividends for the fiscal year ending March 2026. On December 29, 2025, the Tender Offeror received a response from the Special Committee requesting a review of the Tender Offer Price from the viewpoint of considering the interests of the Target Company’s minority shareholders. Upon receiving said request, the Tender Offeror made a second proposal in writing to the Target Company and the Special Committee on January 7, 2026, setting the Tender Offer Price at 3,600 yen (a premium of 10.60% on the closing price of 3,255 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 6, 2026, the business day immediately preceding the proposal date, 17.65% on the simple average closing price of 3,060 yen for the one-month period up to that date, 19.80% on the simple average closing price of 3,005 yen for the three-month period up to that date, and 27.16% on the simple average closing price of 2,831 yen for the six-month period up to that date). On January 8, 2026, the Tender Offeror received a response from the Special Committee requesting a review of the Tender Offer Price from the viewpoint of continuing to consider the interests of the Target Company’s minority shareholders. Upon receiving said request, the Tender Offeror made a third proposal in writing to the Target Company and the Special Committee on January 14, 2026, setting the Tender Offer Price at 3,700 yen (a premium of 14.73% on the closing price of 3,225 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 13, 2026, the business day immediately preceding the proposal date, 19.09% on the simple average closing price of 3,107 yen for the one-month period up to that date, 22.07% on the simple average closing price of 3,031 yen for the three-month period up to that date, and 28.52% on the simple average closing price of 2,879 yen for the six-month period up to that date). On January 16, 2026, the Tender Offeror received a response from the Special Committee requesting a substantial increase of the Tender Offer Price from the viewpoint of considering the interests of the Target Company’s minority shareholders. Upon receiving said request, the Tender Offeror made a fourth proposal in writing to the Target Company and the Special Committee on January 21, 2026, setting the Tender Offer Price at 3,800 yen (a premium of 7.80% on the closing price of 3,525 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 20, 2026, the business day immediately preceding the proposal date, 16.74% on the simple average closing price of 3,255 yen for the one-month period up to that date, 22.90% on the simple average closing price of 3,092 yen for the three-month period up to that date, and 29.30% on the simple average closing price of 2,939 yen for the six-month period up to that date). On January 22, 2026, the Tender Offeror received a response from the Special Committee requesting a substantial increase of the Tender Offer Price from the viewpoint of considering the interests of the Target Company’s minority shareholders. Upon receiving said request, the Tender Offeror made a fifth proposal in writing to the Target Company and the Special Committee on January 26, 2026, setting the Tender Offer Price at 3,850 yen (a premium of 9.69% on the closing price of 3,510 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 23, 2026, the business day immediately preceding the proposal date, 15.72% on the simple average closing price of 3,327 yen for the one-month period up to that date, 23.08% on the simple average closing price of 3,128 yen for the three-month period up to that date, and 29.76% on the simple average closing price of 2,967 yen for the six-month period up to that date). On January 27, 2026, the Tender Offeror received a response from the Special Committee requesting a substantial increase of the Tender Offer Price from the viewpoint of considering the interests of the Target Company’s minority shareholders. Upon receiving said request, the Tender Offeror made a sixth proposal in writing to the Target Company and the Special Committee on January 28, 2026, setting the Tender Offer Price at 3,900 yen (a premium of 12.88% on the closing price of 3,455 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 27, 2026, the business day immediately preceding the proposal date, 15.18% on the simple average closing price of 3,386 yen for the one-month period up to that date, 23.97% on the simple average closing price of 3,146 yen for the three-month period up to that date, and 30.65% on the simple average

closing price of 2,985 yen for the six-month period up to that date). On January 29, 2026, the Tender Offeror received a response from the Special Committee requesting a substantial increase of the Tender Offer Price from the viewpoint of considering the interests of the Target Company's minority shareholders. Upon receiving said request, the Tender Offeror made a seventh proposal in writing to the Target Company and the Special Committee on February 2, 2026, setting the Tender Offer Price at 3,930 yen (a premium of 19.82% on the closing price of 3,280 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 30, 2026, the business day immediately preceding the proposal date, 15.38% on the simple average closing price of 3,406 yen for the one-month period up to that date, 23.86% on the simple average closing price of 3,173 yen for the three-month period up to that date, and 30.83% on the simple average closing price of 3,004 yen for the six-month period up to that date). On February 2, 2026, the Tender Offeror received a response from the Special Committee requesting a substantial increase of the Tender Offer Price to 4,300 yen, from the viewpoint of considering the interests of the Target Company's minority shareholders. Upon receiving said request, the Tender Offeror made an eighth proposal in writing to the Target Company and the Special Committee on February 4, 2026, setting the Tender Offer Price at 4,000 yen (a premium of 12.04% on the closing price of 3,570 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on February 3, 2026, the business day immediately preceding the proposal date, 17.41% on the simple average closing price of 3,407 yen for the one-month period up to that date, 25.63% on the simple average closing price of 3,184 yen for the three-month period up to that date, and 32.54% on the simple average closing price of 3,018 yen for the six-month period up to that date). On February 4, 2026, the Tender Offeror received a response from the Special Committee requesting a substantial increase of the Tender Offer Price from the viewpoint of considering the interests of the Target Company's minority shareholders. Upon receiving said request, the Tender Offeror made a ninth proposal in writing to the Target Company and the Special Committee on February 4, 2026, setting the Tender Offer Price at 4,050 yen (a premium of 13.45% on the closing price of 3,570 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on February 3, 2026, the business day immediately preceding the proposal date, 18.87% on the simple average closing price of 3,407 yen for the one-month period up to that date, 27.20% on the simple average closing price of 3,184 yen for the three-month period up to that date, and 34.19% on the simple average closing price of 3,018 yen for the six-month period up to that date). On the same day, the Target Company and the Special Committee responded that they would accept the proposed price, subject to a final decision being made by resolution of the Target Company's board of directors.

As a result, the Tender Offeror resolved at its board of directors meeting held today to conduct the Tender Offer as part of the Transaction, and to enter into the Non-Tender Agreement and the Shareholders Agreement with Toray, and the Capital and Business Alliance Agreement with Toray and the Target Company..

② Target Company's Decision-Making Process and Reasons for Supporting the Tender Offer

(i) Proposals from the Tender Offeror and the establishment of a review system

According to the Target Company Press Release, the Target Company has been considering various measures to enhance its future corporate value, as described in "① Background, Purpose, and Decision-Making Processes That Led to the Decision to Conduct the Tender Offer" above. In early November 2023, the Target Company received a request from the Tender Offeror to commence discussions toward a capital alliance, and conducted internal deliberations from February to May 2024. During that period, the Target Company held a total of three hearings with the Tender Offeror, as well as repeated question and answer sessions regarding the Tender Offeror's perception of the market environment, the Tender Offeror's business structure, the significance of the capital alliance, the capital structure and method of business promotion after the capital alliance, etc. In March 2024, the Tender Offeror and Toray also discussed topics such as the capital structure of the Target Company after the capital alliance. Based on the above considerations, the Target Company responded in early June 2024 after the conclusion of its Ordinary General Meeting of Shareholders that it would accept said discussions, and since then the Tender Offeror and the Target Company have continuously exchanged opinions. Upon internal review, the Tender Offeror submitted an initial statement of intent regarding the Transactions to Toray and the Target Company on December 26, 2024, and the Target Company received an explanation from the Tender Offeror on the background that led to the proposal of the Transactions and the significance and purpose of the Transactions. The Target Company determined that it would be

necessary to complete responses to tax audits, account settlements, etc. from March to May 2025 in order to establish a system for responding to due diligence on the Target Company Group, and that careful consideration was required. Therefore, the Target Company decided to make a request in early January 2025 to postpone the proposal for approximately six months from the anticipated schedule. After conducting another internal review, the Tender Offeror once more submitted an initial statement of intent regarding the Transactions to Toray and the Target Company on July 30, 2025, and the Target Company received an explanation from the Tender Offeror on the background that led to the proposal of the Transactions and the significance and purpose of the Transactions. After carefully considering the proposal, on September 18, 2025, the Target Company decided to commence due diligence and other specific considerations and discussions toward the Transactions.

In considering the Tender Offer, including the appropriateness of taking the Target Company private, in late December 2024 the Target Company appointed SMBC M&A Advisory Services Dept. (hereinafter referred to as “SMBC”) as a financial advisor independent from the Tender Offeror, Toray, and the Target Company, and southgate Law Firm (hereinafter referred to as “southgate”) as a legal advisor independent from the Tender Offeror, Toray, and the Target Company, for the purpose of ensuring the fairness of the Transactions, including the Tender Offer, and to establish a system for considering, negotiating, and making decisions regarding the Tender Offer from the perspective of enhancing the corporate value of the Target Company and ensuring the interests of the minority shareholders of the Target Company, from a standpoint independent from the Tender Offeror. They appointed also Yamada & Partners Advisory as a third-party appraiser independent from the Tender Offeror, Toray, and the Target Company.

Taking into account: (i) Toray, which holds 2,191,000 of the Target Company Shares (ownership ratio: 51.06%), is the largest shareholder and parent company of the Target Company and the Transactions are intended to take the Target Company Shares private and reduce the Target Company’s shareholders to only the Tender Offeror and Toray, (ii) Toray will not tender its shares in the Tender Offer, and pursuant to the Shareholders Agreement entered into with the Tender Offeror, will remain a shareholder of the Target Company after conclusion of the Transactions and will continue to maintain its influence as the parent company of the Target Company, and (iii) the Tender Offeror, Toray, and the Target Company plan to enter into the Capital and Business Alliance Agreement regarding management of the Target Company after completion of the Transactions, there is a possibility that the interests of Toray, being the parent company of the Target Company, and the minority shareholders of the Target Company may not be aligned, and based on the spirit of Rule 441 of the Securities Listing Regulations (Matters to be Observed Pertaining to MBOs, etc.), the Target Company, based on advice from southgate, established a special committee on September 18, 2025 (hereinafter referred to as the “Special Committee”), consisting of three members who are all independent from the Tender Offeror, Toray, and the Target Company, as well as from the success or failure of the Transactions: Mr. Eiji Murakami (independent Outside Director of the Target Company), Mr. Hideaki Fujimoto (independent Outside Director of the Target Company), and Mr. Yuta Kato (Masuda & Partners Law Office). The Target Company also consulted with the Special Committee regarding the following matters: (i) the legitimacy and rationality of the purpose of the Transactions (including whether the Transactions will contribute to improving the corporate value of the Target Company), (ii) the fairness and appropriateness of the terms and conditions of the Transactions, (iii) the fairness of the procedures related to the Transactions, (iv) whether the Transactions are fair to the Target Company’s minority shareholders from the viewpoint of (i) to (iii) above, and (v) the appropriateness of the Target Company’s Board of Directors expressing an opinion in favor of the Tender Offer and recommending the Target Company’s shareholders tender their shares in response to the Tender Offer taking into account (i) to (iv) above (hereinafter collectively referred to as the “Consulted Matters”) (for details on the establishment of the Special Committee, its deliberations, and its decisions, please refer to “⑥ Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report from the Special Committee by the Target Company” in “(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below). In addition, the Target Company established an internal system for considering, negotiating, and making decisions regarding the Tender Offer from a standpoint independent of the Tender Offeror and Toray (including the scope and duties of the Target Company’s officers and employees involved in considering, negotiating, and making decisions regarding the Tender Offer), and the Special Committee, at its first meeting held on September 30, 2025, approved the establishment of said system, stating that there were no issues from the viewpoint of the system’s independence or fairness (for details, please refer to “⑤ Establishment of an Independent

Review System by the Target Company” in “(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below).

(ii) Details of consideration/negotiation process and decision

After establishing the above system, the Target Company held multiple discussions and negotiations with the Tender Offeror regarding the merits of the Transactions and the fairness of the transaction terms, etc. based on the negotiation policy confirmed in advance by the Special Committee, their opinions, instructions, requests, etc. regarding important aspects of the negotiations, and the advice of SMBC and southgate.

On December 25, 2025, the Target Company received an initial written proposal from the Tender Offeror setting the Tender Offer Price at 3,400 yen (a premium of 12.03% on the closing price of 3,035 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on December 24, 2025, the business day immediately preceding the proposal date, 12.36% on the simple average closing price of 3,026 yen for the one-month period up to that date, 14.02% on the simple average closing price of 2,982 yen for the three-month period up to that date, and 23.41% on the simple average closing price of 2,755 yen for the six-month period up to that date). In response, on December 29, 2025, the Target Company requested a reconsideration of the Tender Offer Price from the viewpoint of considering the interests of the Target Company’s minority shareholders. The Target Company received a second written proposal from the Tender Offeror on January 7, 2026, setting the Tender Offer Price at 3,600 yen (a premium of 10.60% on the closing price of 3,255 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 6, 2026, the business day immediately preceding the proposal date, 17.65% on the simple average closing price of 3,060 yen for the one-month period up to that date, 19.80% on the simple average closing price of 3,005 yen for the three-month period up to that date, and 27.16% on the simple average closing price of 2,831 yen for the six-month period up to that date). Upon receiving the second proposal, on January 8, 2026, the Target Company requested the Tender Offeror to review the Tender Offer Price once more from the viewpoint of considering the interests of the Target Company’s minority shareholders. Receiving the request, on January 14, 2026, the Tender Offeror sent a third written request setting the Tender Offer Price at 3,700 yen (a premium of 14.73% on the closing price of 3,225 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 13, 2026, the business day immediately preceding the proposal date, 19.09% on the simple average closing price of 3,107 yen for the one-month period up to that date, 22.07% on the simple average closing price of 3,031 yen for the three-month period up to that date, and 28.52% on the simple average closing price of 2,879 yen for the six-month period up to that date). In response to the third proposal, on January 16, 2026, the Target Company requested that the Tender Offer Price be reviewed once more from the viewpoint of considering the interests of the Target Company’s minority shareholders. The Target Company received a fourth written proposal from the Tender Offeror on January 21, 2026, setting the Tender Offer Price at 3,800 yen (a premium of 7.80% on the closing price of 3,525 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 20, 2026, the business day immediately preceding the proposal date, 16.74% on the simple average closing price of 3,255 yen for the one-month period up to that date, 22.90% on the simple average closing price of 3,092 yen for the three-month period up to that date, and 29.30% on the simple average closing price of 2,939 yen for the six-month period up to that date). In response to the fourth proposal, on January 22, 2026, the Target Company requested that the Tender Offer Price be reviewed once more from the viewpoint of considering the interests of the Target Company’s minority shareholders. The Target Company received a fifth written proposal from the Tender Offeror on January 26, 2026, setting the Tender Offer Price at 3,850 yen (a premium of 9.69% on the closing price of 3,510 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 23, 2026, the business day immediately preceding the proposal date, 15.72% on the simple average closing price of 3,327 yen for the one-month period up to that date, 23.08% on the simple average closing price of 3,128 yen for the three-month period up to that date, and 29.76% on the simple average closing price of 2,967 yen for the six-month period up to that date). In response to the fifth proposal, on January 27, 2026, the Target Company requested that the Tender Offer Price be reviewed once more from the viewpoint of considering the interests of the Target Company’s minority shareholders. The Target Company received a sixth written proposal from the Tender Offeror on January 28, 2026, setting the Tender Offer Price at 3,900 yen (a premium of 12.88% on the closing price of 3,455 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 27, 2026, the business day immediately preceding the proposal date, 15.18% on

the simple average closing price of 3,386 yen for the one-month period up to that date, 23.97% on the simple average closing price of 3,146 yen for the three-month period up to that date, and 30.65% on the simple average closing price of 2,985 yen for the six-month period up to that date). In response to the sixth proposal, on January 29, 2026, the Target Company requested that the Tender Offer Price be reviewed once more from the viewpoint of considering the interests of the Target Company's minority shareholders. The Target Company received a seventh written proposal from the Tender Offeror on February 2, 2026, setting the Tender Offer Price at 3,930 yen (a premium of 19.82% on the closing price of 3,280 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on January 30, 2026, the business day immediately preceding the proposal date, 15.38% on the simple average closing price of 3,406 yen for the one-month period up to that date, 23.86% on the simple average closing price of 3,173 yen for the three-month period up to that date, and 30.83% on the simple average closing price of 3,004 yen for the six-month period up to that date). In response to the seventh proposal, on February 2, 2026, the Target Company requested that the Tender Offer Price be revised to 4,300 yen, from the viewpoint of considering the interests of the Target Company's minority shareholders. The Target Company received an eighth written proposal from the Tender Offeror on February 4, 2026, setting the Tender Offer Price at 4,000 yen (a premium of 12.04% on the closing price of 3,570 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on February 3, 2026, the business day immediately preceding the proposal date, 17.41% on the simple average closing price of 3,407 yen for the one-month period up to that date, 25.63% on the simple average closing price of 3,184 yen for the three-month period up to that date, and 32.54% on the simple average closing price of 3,018 yen for the six-month period up to that date). In response to the eighth proposal, on February 4, 2026, the Target Company requested that the Tender Offer Price be reviewed once more from the viewpoint of considering the interests of the Target Company's minority shareholders. The Target Company received a ninth written proposal from the Tender Offeror on February 4, 2026, setting the Tender Offer Price at 4,050 yen (a premium of 13.45% on the closing price of 3,570 yen of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on February 3, 2026, the business day immediately preceding the proposal date, 18.87% on the simple average closing price of 3,407 yen for the one-month period up to that date, 27.20% on the simple average closing price of 3,184 yen for the three-month period up to that date, and 34.19% on the simple average closing price of 3,018 yen for the six-month period up to that date). In response to the final proposal, the Tender Offeror received a response from the Special Committee on February 4, 2026, stating that it would accept the Tender Offer Price in the final proposal..

Throughout the above review and negotiations, the Target Company reported to the Special Committee as appropriate and received confirmation and statements of opinion from the Special Committee. Specifically, when negotiating with the Tender Offeror, the Target Company responded in accordance with a negotiation policy based on the opinions of the Special Committee, and whenever the Target Company received a proposal for the Tender Offer Price from the Tender Offeror, the Target Company immediately reported to the Special Committee, conducting internal reviews and responding accordingly based on the advice of the Special Committee.

Based on the above, taking into account the legal advice the Target Company received from Southgate and the share valuation report obtained from Yamada & Partners on February 4, 2026 (hereinafter referred to as the "Target Company Share Valuation Report"), and giving maximum respect to the content of the report received from the Special Committee (hereinafter referred to as the "Report") on February 5, 2026, the Target Company carefully discussed and considered whether the Target Company's corporate value could be enhanced through the Transactions, whether the terms and conditions of the Transactions, including the Tender Offer Price, were appropriate, and whether the Transactions would be carried out through fair procedures to ensure that the interests of minority shareholders would be secured (For details of the Report, please refer to "⑥ Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report from the Special Committee by the Target Company" in "(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below).

As a result, at a meeting of their Board of Directors held on February 5, 2026, the Target Company concluded that taking the Target Company Shares private through the Transactions and further deepening cooperation with the Tender

Offeror would contribute to enhancing the corporate value of the Target Company Group, based on the following points.

In the water supply and sewerage field, which is the Target Company's main business field, there is an urgent need to respond to the demand for renewal due to the aging of facilities, and to improve earthquake and disaster resistance for the purpose of strengthening national resilience. Along with this, the government is accelerating the introduction of the Water PPP and other drastic changes are being made to the business structure through public-private partnerships. In the plant construction business, while the traditional public works (EPC) market is on the decline, there is a rapid shift to the DB/DBO system, in which the entire process from design and construction to operation and maintenance is outsourced to the private sector, due to requests from local governments for more efficient facility renewal, and projects are becoming noticeably larger and more wide spread. In the O&M business, demand for both maintenance and facility operation management is on the rise.

In light of these changes in the business structure, the Target Company has set forth as its policy in the next medium-term management plan for FYE 3/27 through FYE 3/30 the following targets: expanding profits through its O&M revenue base in order to achieve its operating income target of 2 billion yen in 2030, and responding to the changing market from EPC to PPP. Based on the revenue base of the maintenance business, which the Target Company has been expanding in its current medium-term management plan covering FYE 3/23 through FYE 3/26, the Target Company aims to expand revenue through orders for larger PPP projects. While the Target Company has strengths in the engineering and O&M fields based on water purification technology using rapid filtration in the water supply and sewerage field, it is becoming difficult for the Target Company to handle large-scale comprehensive projects including civil engineering, construction, and electrical equipment with only its own technical areas and limited personnel resources amidst rapid industry restructuring in line with the promotion of the national Water PPP policy and consolidation among competitors. In addition, with the labor shortage becoming more serious across the entire industry, they have concluded that it is essential to form capital and business alliances with partners who have comprehensive technical and project management capabilities, as there is a risk that continuing the business alone will result in a decline in market competitiveness and shrinking into a niche market.

The Target Company recognizes the Tender Offeror to be a leading company with industry-leading PPP know-how in the water supply and sewerage field and strengths in advanced technology through mechatronical fusion and operation and management utilizing ICT. The Target Company also believes that the Tender Offeror possesses, in addition to technical areas such as filtration, drainage, and dehydration, the electrical and civil engineering construction management capabilities required to oversee large-scale projects, as well as abundant resources related to the operation and maintenance of water and sewerage systems. Although the Target Company and the Tender Offeror have had a business alliance since 2013, the dramatic changes in the market environment caused by the rapid development of the Water PPP led to the conclusion that an alliance with a stronger capital relationship is necessary. The Target Company believes that a partnership with the Tender Offeror will generate the following synergies.

(a) Expanding orders through complementary technologies and business areas

By combining the Target Company's strength in water treatment technology such as rapid filtration systems with the technology possessed by the Tender Offeror, the Target Company will be able to cover all the major technical areas required for water treatment in water supply and sewage systems. As a result, they will be able to expand the scale of their business by participating in large-scale bulk orders that they previously had been forced to pass on due to technical limitations. In addition, the Tender Offeror believes that utilizing the Tender Offeror's overseas sales channels will increase the possibility of expanding overseas sales of the Target Company's products.

(b) Strengthening project execution capabilities and improving efficiency

The Target Company believes that, in large-scale projects, the Tender Offeror will be responsible for project management and the electrical and civil engineering fields, and that the Target Company can therefore concentrate their resources on the delivery of water treatment equipment, its specialty, thereby improving construction efficiency and quality. In addition, by sharing the supply chain, such as the joint use of construction and manufacturing companies, they expect to strengthen their procurement capabilities and reduce costs.

(c) Strengthening the O&M business foundation

The Target Company believes that, through joint orders with the Tender Offeror from the construction stage, it will be possible to increase the probability of obtaining long-term O&M contracts after construction, and by utilizing the Tender Offeror's O&M resources and know-how, it will be possible to improve the profitability of its existing businesses and expand stable stock income.

(d) Reducing the costs of maintaining a listing

The Target Company believes that taking the Target Company Shares private will enable the Target Company to further concentrate its management resources on business growth, as it will be able to reduce the costs necessary to maintain the listing of the Target Company Shares (such as the expenses required for the continuous disclosure of securities reports, etc., audit expenses, and the expenses required to hold general shareholders' meetings and outsourcing administrative tasks to a shareholder register administrator). They also believe that this will have the secondary effect of reducing other management burdens associated with maintaining the listing of the Target Company Shares, such as the costs for maintaining an administrative division and other costs required for a listed company.

The disadvantages of taking the Target Company Shares private include the Target Company being unable to raise funds through equity financing from the capital market, and the possibility that the brand power as a listed company and social creditworthiness that the Target Company has enjoyed will be impacted. However, the Target Company believes that it will be able to secure sufficient funds by continuing its business relationship with its main banks in addition to raising funds through Toray, and that the impact on funding will be limited. Regarding the Target Company's brand power, the Target Company has established a brand committee and is striving to improve its brand power through TV commercials, newspaper advertisements, and local public relations activities, so the impact of going private is expected to be limited. With regard to the social creditworthiness of the Target Company, since the Tender Offeror and Toray are listed companies and the governance system extends to the Target Company, the Target Company believes that creditworthiness will be maintained even after being made private.

With the Target Company becoming an equity-method affiliate of the Tender Offeror, there is an abstract possibility that it will become more difficult to form a consortium with companies other than the Tender Offeror. However, the Tender Offeror does not have a policy restricting the Target Company from forming a consortium with other companies, and strict information management will be maintained between the Tender Offeror and the Target Company taking into account the restrictions under the Antimonopoly Act, so the Target Company believes that there will be no hindrance in forming a consortium with other companies.

Based on the above, the Board of Directors of the Target Company concluded that the benefits to be gained from taking the Target Company Shares private outweigh the anticipated disadvantages, and determined that taking the Target Company Shares private through the Transactions, including the Tender Offer, would contribute to enhancing the corporate value of the Target Company.

Based on the following points, the Target Company has determined that the Tender Offer Price of 4,060 yen is appropriate and that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity to sell their Target Company Shares.

(a) Said price is within the range of the valuation results based on the DCF method and the Comparable company method in the Target Company Share Valuation Support submitted by Yamada & Partners on February 4, 2026, described in "② Acquisition of a Target Company Share Valuation Report from an Independent Third-Party Valuation Firm" in "(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(b) With February 4, 2026 being set as the record date, as it is the business day immediately preceding the announcement date of the Tender Offer, said price represents a premium of 14.08% on the closing price of 3,550 yen for the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on the record date, a premium of 18.66% on the simple average closing price of 3,413 yen for the one-month period up to the record date, a premium of 26.96% on the simple average closing price of 3,190 yen for the three-month period up to that date, and a premium

of 33.84% on the simple average closing price of 3,026 yen for the six-month period up to that date. The premium offered is considered to be reasonable and comparable to the median premium in 35 actual cases of tender offers made for the purpose of taking a company private that were announced and completed between June 28, 2019, when the Ministry of Economy, Trade and Industry published the “Fair M&A Guidelines,” and December 30, 2025 (excluding cases where the target is a REIT or listed on the TOKYO PRO Market, treasury stock TOB, discount TOB, first TOB of a two-stage TOB, MBO, cases where the target is an investment corporation, and cases where the PBR is less than 1.) (a premium of 28.08% on the closing price on the business day prior to the announcement date, 32.04% on the simple average closing price for the one-month period up to that date, 35.33% on the simple average closing price for the three-month period up to that date, and 42.62% on the simple average closing price for the six-month period up to that date).

(c) Said price was determined as a result of repeated sincere negotiations with the Tender Offeror in accordance with the negotiation policy based on the opinions and advice of the Special Committee, after taking measures to ensure the fairness of the Tender Offer as described in “(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(d) As described in “⑥ Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report from the Special Committee by the Target Company” in “(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, said price was deemed to be appropriate in the Report obtained from the Special Committee.

Based on the above, the Target Company resolved at the meeting of its Board of Directors held on February 5, 2026 to express its opinion in favor of the Tender Offer and to recommend shareholders of the Target Company tender their shares in response to the Tender Offer.

For details of the above resolution of the Target Company’s Board of Directors, please refer to “⑥ Approval of All Directors of the Target Company With No Conflicts of Interest (Including Directors who are Audit and Supervisory Committee Members)” in “(3) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

③ Management Policy after the Tender Offer

Following the Transactions, the Tender Offeror and Toray plan to take measures to realize the synergies described in “① Background, Purpose, and Decision-Making Processes That Led to the Decision to Conduct the Tender Offer” above and to establish a management structure based on the Shareholders Agreement. Specifically, after the Transactions, the plan is to change from a company with an audit and supervisory committee to a company with corporate auditors, and to limit the number of directors to seven (7), with Toray appointing a majority of the directors and the Tender Offeror appointing the remaining directors. In addition, the plan is to have one (1) representative director and one (1) corporate auditor, both appointed by Toray. For an outline of the Shareholders Agreement, please refer to “② Shareholders Agreement” in “(6) Matters Related to Material Agreements Concerning the Tender Offer” below.

The Tender Offeror entered into the Capital and Business Alliance Agreement with Toray and the Target Company as of February 5, 2026, with the aim of ensuring that each company complies with various laws and regulations, strives to realize a sustainable environment and society, and aims to enhance the corporate value of the companies through the Transactions and the business alliance between the three companies. For an outline of the Capital and Business Alliance Agreement, please refer to “③ Capital and Business Alliance Agreement” in “(6) Matters Related to Material Agreements Concerning the Tender Offer” below.

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

As of today, the Tender Offeror does not own any Target Company Shares, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, there is no plan for either all or part of the Target Company's management to invest in the Tender Offeror, neither directly or indirectly, and the Transactions, including the Tender Offer, do not constitute a so-called management buyout (MBO) transaction.

However, (i) Toray, which holds 2,191,000 of the Target Company Shares (ownership ratio: 51.06%), is the largest shareholder and parent company of the Target Company and the Transactions are intended to take the Target Company Shares private and reduce the Target Company's shareholders to only the Tender Offeror and Toray, (ii) Toray will not tender its shares in the Tender Offer, and pursuant to the Shareholders Agreement entered into with the Tender Offeror, will remain a shareholder of the Target Company after conclusion of the Transactions and will continue to maintain its influence as the parent company of the Target Company, and (iii) the Tender Offeror, Toray, and the Target Company plan to enter into the Capital and Business Alliance Agreement regarding management of the Target Company after completion of the Transactions. As such, the interests of Toray and the minority shareholders of the Target Company may not be aligned, and so the Tender Offeror and the Target Company have taken the following measures to ensure the fairness of the Tender Offer Price, eliminate arbitrariness and potential conflicts of interest in the decision-making process leading to the decision to implement the Tender Offer, and ensure the fairness and transparency of the Transactions.

As of today, Toray owns 2,191,000 Target Company Shares (ownership ratio: 51.06%). Therefore, the Tender Offeror believes that setting a lower limit to the planned purchase quantity of shares for a so-called "Majority of Minority" in the Tender Offer would destabilize the completion of the Tender Offer and may not serve the interests of minority shareholders of the Target Company who wish to sell the Target Company Shares through the Tender Offer. Therefore, the Tender Offeror has not set a lower limit to the planned purchase quantity of shares for a "Majority of Minority" in the Tender Offer. However, since the Tender Offeror and the Target Company have implemented the following measures respectively, the Tender Offeror believes that sufficient consideration has been given to the interests of the minority shareholders of the Target Company.

For the following, the measures taken by the Target Company are based on the Target Company Press Release and the explanation received from the Target Company.

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

In determining the Tender Offer Price, the Tender Offeror requested Mizuho Securities, their financial advisor, to calculate the value of the Target Company's shares as a third-party appraiser independent of the Tender Offeror Group, the Target Company Group, and Toray. Mizuho Securities is not a related party of the Tender Offeror, Toray, or the Target Company, and has no material interest in the Tender Offer. Since the Tender Offeror considers that the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer and avoid conflicts of interest, and that sufficient consideration has been given to the interests of minority shareholders of the Target Company, the Tender Offeror has not obtained from Mizuho Securities an opinion (fairness opinion) on the fairness of the Tender Offer Price.

For an outline of the share valuation report on the Target Company's shares that the Tender Offeror acquired from Mizuho Securities (hereinafter referred to as the "Share Valuation Report (Mizuho Securities)"), please refer to "① Basis of calculation" and "② Background of calculation" in "(5) Basis for calculating the purchase price" of "2. Overview of the Purchase, etc." below.

② Acquisition by the Target Company of a share valuation report from an independent third-party appraiser

(i) Name of the appraiser and its relationship with the Target Company and the Tender Offeror

According to the Target Company Press Release, in expressing its opinion on the Tender Offer, the Target Company requested Yamada & Partners, a third-party appraiser independent from the Tender Offeror, Toray, and the Target Company, to calculate the value of the Target Company Shares in order to ensure fairness in the Target Company's decision-making process regarding the Tender Offer Price. The Target Company believes that, taking into account the other measures carried out to ensure the fairness of the Tender Offer Price in connection with the Transactions, sufficient consideration has been given to the interests of the Target Company's minority shareholders, and has not obtained a fairness opinion regarding the Tender Offer Price from Yamada & Partners. As a third-party appraiser,

Yamada & Partners is not a related party of the Tender Offeror, Toray, or the Target Company, and does not have any material interests in the Tender Offer that should be disclosed. Furthermore, Yamada & Partners' compensation for the Transactions does not include any success fees to be paid on the condition that the Transactions are completed, etc.

At its first meeting held on September 30, 2025, the Special Committee confirmed that there were no issues with Yamada & Partners' independence and expertise, and approved Yamada & Partners' appointment as the third-party appraiser for the Target Company.

(ii) Summary of calculation

After considering the calculation methods for the Tender Offer, Yamada & Partners determined the value of the Target Company Shares by using the market price method, as the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange, the comparable company method, as there are multiple listed companies relatively similar to the Target Company and it is possible to infer the value of the Target Company Shares by comparing with similar companies, and the discounted cash flow method (hereinafter referred to as the "DCF method") in order to reflect the details and expectations of the Target Company's performance in the evaluation. According to Yamada & Partners, the methods used to calculate the value of the Target Company Shares and the range of the value per share of the Target Company Shares calculated based on those methods are as follows.

Market price method: 3,026 yen to 3,550 yen

Comparable company method: 4,036 yen to 4,872 yen

DCF method: 3,564 yen to 5,065 yen

Under the market price method, with the calculation record date set as February 4, 2026, the value per share of the Target Company Shares is calculated to be between 3,026 yen and 3,550 yen based on the closing price of 3,550 yen for the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on the calculation record date, the simple average closing price of 3,413 yen for the one-month period up to the calculation record date, the simple average closing price of 3,190 yen for the three-month period up to the calculation record date, and the simple average closing price of 3,026 yen for the six-month period up to the calculation record date.

Under the comparable company method, METAWATER Co., Ltd., Tsukishima Holdings Co., Ltd. and Maezawa Industries, Inc. were selected as a listed company engaged in a business similar to that of the Target Company, and the value of the Target Company Shares was calculated using an EBITDA multiple, with the value per share of the Target Company Shares calculated to be between 4,036 yen and 4,872 yen.

Under the DCF method, the corporate value and share value of the Target Company were calculated by discounting the free cash flow expected to be generated by the Target Company in and after the third quarter of FYE 3/' 26 onward to its present value at a certain discount rate, based on various factors such as the Target Company's business plan for the period from FYE 3/' 26 to FYE 3/' 31 (hereinafter referred to as the "Business Plan"), financial information of the Target Company for the second quarter of FYE 3/' 26, and information made available to the public. The value per share of the Target Company Shares was calculated to be between 3,564 yen and 5,065 yen. The weighted average cost of capital is used for the discount rate, which ranges from 6.67% to 8.15%, and the perpetual growth method was used to calculate the terminal value. The perpetual growth method assumes a perpetual growth rate of 0% to 1% and calculates a terminal value of 11,623 million yen to 17,905 million yen, taking into comprehensive consideration the external environment and other factors.

This figure also includes investment securities that the Target Company deems to be surplus cash and cash equivalents after deducting necessary working capital (calculated by taking into comprehensive account the Target Company's past cash flow performance, etc.) as non-business assets.

The Business Plan excludes from the medium-term management plan the costs of maintaining the listing of the Target Company, which would become unnecessary as the Target Company would become private through the execution of the Transactions. Furthermore, the Business Plan sets the forecast period as the six years from the fiscal year ending March 2026 to the fiscal year ending March 2031 as the period during which the future can be reasonably

forecasted, taking into consideration the latest business results, etc. in the plant construction business, O&M business, etc.

Yamada & Partners' financial forecast based on the Business Plan, which was used as a basis for calculation under the DCF method, is as follows. The financial forecast includes fiscal years in which a significant increase or decrease in free cash flow is expected. Specifically, in FYE 3/'26 (six months), in addition to increases and decreases in working capital due to increases and decreases in net sales for each fiscal year, a significant decrease in free cash flow due to the conversion of Suido Kiko Middle East Co., Ltd., an equity-method affiliate of the Target Company, into a wholly-owned subsidiary is expected. In FYE 3/'27, a significant increase in free cash flow is expected due to the absence of one-time investments that occurred in the previous fiscal year. In FYE 3/'28, a significant decrease in free cash flow is expected due to capital expenditures incurred from the construction of new plants. In FYE 3/'29, a significant decrease in free cash flow is expected due to the continued capital investments from the construction of new plants in the previous fiscal year. For FYE 3/'30, a significant increase in free cash flow is expected due to higher net sales and the absence of one-time capital expenditures that occurred in the previous fiscal years. This Business Plan does not include a fiscal year in which a significant increase or decrease in operating income is expected.

In addition, the synergies expected to be realized through the execution of the Transactions are not reflected, except for the effect of reducing listing maintenance costs, as it is difficult to estimate specifically at this point.

(Million Yen)

	FYE 3/'26 (Six months)	FYE 3/'27	FYE 3/'28	FYE 3/'29	FYE 3/'30	FYE 3/'31
Net sales	20,239	30,000	30,000	33,000	34,000	35,000
Operating income	1,520	1,435	1,447	1,847	1,947	2,047
EBITDA	1,624	1,630	1,642	2,037	2,287	2,387
Free cash flow	-3,139	1,605	706	225	1,303	1,482

In calculating the value of the Target Company Shares, Yamada & Partners, in principle, used the information provided by the Target Company and the information disclosed to the public as is, and assumed that all such materials and information were accurate and complete, without independently verifying their accuracy or completeness. Furthermore, they have not conducted any independent evaluation or assessment of the assets and liabilities (including off-book assets and liabilities and other contingent liabilities) of the Target Company or its affiliated companies, nor has it requested any third-party organization to conduct any evaluation or assessment. In addition, information on the Target Company's financial forecasts is based on the assumption that it has been reasonably prepared based on the Target Company's current best estimates and judgments. However, Yamada & Partners confirmed the content of the Business Plan, which served as the basis for the calculations, by holding a Q&A with the Target Company.

In addition, the Special Committee confirmed with the Target Company the reasonableness of the content of the Business Plan and important assumptions and the process for its preparation, and approved the proposed Business Plan to be used as the basis for calculating share value using the DCF method.

③ Expert advice from a financial advisor independent from the Target Company

According to the Target Company Press Release, in order to ensure the fairness and appropriateness of decision-making by the Board of Directors of the Target Company regarding the Transactions, in late December 2024, the Target Company appointed SMBC M&A Advisory Services Dept. as a financial advisor independent of the Tender Offeror, Toray, and the Target Company, and has received expert advice from a financial perspective, including advice on measures to be taken to ensure the fairness of procedures in the Transactions and the Target Company's decision-making method, process, and other points to note regarding the Transactions.

According to SMBC's explanation, SMBC is not a related party of the Tender Offeror, Toray, or the Target Company, and does not have any material interest in the Transactions, including the Tender Offer.

SMBC, as a corporation, has established and implements an appropriate conflict of interest management system, which includes measures to isolate information within the bank (between the department in charge of the financial advisors and the department in charge of ordinary banking transactions, etc.). Based on the judgment that SMBC M&A Advisory Services Dept., as a financial advisor, has taken appropriate measures to any prevent adverse effects, the Target Company appointed them as its financial advisor. Furthermore, SMBC M&A Advisory Services Dept.'s compensation for the Transactions includes a success fee to be paid on the condition that the Transactions are completed, etc. Taking into consideration general business practices in similar transactions and the appropriateness of the compensation structure, which would result in a reasonable financial burden for the Target Company if the Transactions were not completed, the Target Company has determined that the inclusion of a success fee payable on the condition that the Tender Offer is completed does not negate SMBC M&A Advisory Services Dept.'s independence, and has therefore appointed SMBC M&A Advisory Services Dept. as its financial advisor and third-party valuation institution in accordance with the above compensation structure. At the first meeting of the Special Committee, they confirmed that there were no issues with the independence or expertise of the financial advisor appointed by the Target Company, and that the Special Committee would be able to receive expert advice as needed.

④ Acquisition of advice from a law firm independent from the Target Company

According to the Target Company Press Release, in order to ensure transparency and rationality in the decision-making process of the Target Company's Board of Directors regarding the Transaction, the Target Company appointed the law firm southgate in late December 2024, a legal advisor independent of the Tender Offeror, Toray Industries, and the Target Company, and has been receiving necessary legal advice from the law firm southgate on the method, process, and other points of concern for the decision-making process of the Target Company's Board of Directors regarding the Transactions. southgate is not a related party of the Tender Offeror, Toray, or the Target Company, and has no material interest in the Tender Offer. The compensation of southgate is calculated by multiplying the working hours by the hourly rate, regardless of the success or failure of the Transactions, and does not include any success fees that are contingent upon the successful completion of the Transactions. At the first meeting of the Special Committee, they confirmed that there were no issues with the independence or expertise of the legal advisor appointed by the Target Company, and that the Special Committee would be able to receive expert advice as needed.

⑤ Establishment of an Independent Review System for the Target Company

According to the Target Company Press Release, in order to ensure the transparency and rationality of the decision-making process of the Board of Directors of the Target Company regarding the Transactions, the Target Company has established a system within the Target Company to conduct the examination, negotiation, and judgment regarding the Transactions from a standpoint independent of the Tender Offeror, Toray, and the Target Company, as described in "(i) Proposal from the Tender Offeror and the Background of the Establishment of the Examination System" of "(2) Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and the management policy after the Tender Offer" above. Specifically, since receiving the Letter of Intent from the Tender Offeror on July 30, 2025, the Target Company has established a project team to consider the Transactions (including the preparation of the Business Plan that will serve as the basis for valuing the Target Company Shares) and to hold discussions and negotiations with the Tender Offeror. However, it has been confirmed that none of the Target Company's Senior Managing Director Mr. Hideki Maruyama nor the seven employees who constitute the project team has a position as an officer or employee of Toray or an affiliate of Toray, nor has such a position been held within the past five years.

Furthermore, at its first meeting held on September 30, 2025, the Special Committee established that there were no issues regarding the Target Company's review system (including the scope and duties of the Target Company's officers and employees involved in the review, negotiations, and decisions regarding the Transactions), including the above treatment from the viewpoint of independence and fairness.

⑥ Establishment of an independent Special Committee by the Target Company and receipt of a report from the Special Committee by the Target Company

(i) Background of the Establishment, etc.

According to the Target Company Press Release, as stated in "(i) Proposal from the Tender Offeror and process of establishing a review system" in "② Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and management policy after the Tender Offer" above, the Target Company, by resolution of its Board of Directors held on September 18, 2025, established the Special Committee, which consists of three individuals who have no conflicts of interest in the Offeror, Toray, the Target Company, or the success or failure of the Transactions, including the Tender Offer: Mr. Eiji Murakami (an independent outside director of the Target Company), Mr. Hideaki Fujimoto (an independent outside director of the Target Company), and Mr. Yuta Kato (an attorney-at-law). The five outside directors of the Target Company are Mr. Eiji Murakami, Mr. Hideaki Fujimoto, Mr. Toshihito Saito, Ms. Sawako Takeuchi, and Mr. Kazuhiro Okawa. However, regarding Mr. Toshihito Saito, he was employed by Toray until June 2020, and regarding Ms. Sawako Takeuchi, she was engaged as an advisor by a Toray subsidiary. Therefore, from the perspective of avoiding any doubt of conflict of interest and ensuring the fairness of the Transactions, it has been determined that their appointment as members of the Special Committee is not appropriate. Furthermore, regarding Mr. Kazuhiro Okawa, since he has no career background of direct involvement in company management and, from the perspective of enhancing deliberations, there is a recognized need to supplement expertise concerning transactions similar to the Transactions, he was not appointed as a member of this Special Committee. Instead, in addition to Mr. Eiji Murakami and Mr. Hideaki Fujimoto, Mr. Yuta Kato (an attorney-at-law), an external expert possessing such expertise, was appointed as a member of the Special Committee.

In addition, Mr. Yuta Kato has been selected as the Chairperson of the Special Committee by mutual vote of the members of the Special Committee. The members of this Special Committee have not been changed since its establishment. Members of the Special Committee shall be paid a fixed amount of remuneration in consideration of their duties, regardless of the content of the report, and such remuneration does not include a contingency fee that is contingent upon the conclusion of the Transaction.

Based on this, the Target Company, as described in "(i) Proposal from the Tender Offeror and the Background of the Establishment of the Examination System" of "② Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and the management policy after the Tender Offer" above, consulted the Special Committee with regard to the Consulted Matters by resolution of the Target Company's Board of Directors. In addition, the Board of Directors of the Target Company shall respect the judgment of the Special Committee, including approval or disapproval of the Tender Offer, to the maximum extent when making a decision by the Board of Directors of the Target Company regarding the implementation of the Transaction, and the Board of Directors of the Target Company has resolved that if the Special Committee determines that the conditions, etc., of the Transaction are not appropriate, the Board of Directors of the Target Company will not approve the implementation of the Transaction (including disapproval of the Tender Offer.). In addition, the Target Company's Board of Directors has granted to the Special Committee (i) the authority to substantially participate in the process of negotiations conducted by the Target Company with the Tender Offeror, such as by giving instructions or requests regarding the negotiation policy with the Tender Offeror and conducting negotiations on its own as necessary, (ii) the authority to appoint or appoint its own financial advisor or a third-party evaluation organization and a legal advisor, or to appoint or approve an advisor related to the Target Company's financial or legal affairs, etc., as necessary, when reviewing and making judgments on the Consulted Matters, and (iii) the authority to receive information reasonably necessary for the review and judgment on the Consulted Matters from officers and employees of the Target Company and other persons deemed necessary by the Special Committee.

⑦ Approval by all of the Target Company's directors who have no conflicts of interest (Including Directors who are Audit and Supervisory Committee members.)

According to the Target Company Press Release, the Target Company carefully discussed and considered the terms and conditions of the Transactions, including the Tender Offer, based on the Target Company Share Valuation Report obtained from Yamada & Partners Advisory, the report submitted by the Special Committee, legal advice from Southgate Law Office, and other related materials.

As a result, as described in "② Decision-making process and reasons that led to the Target Company's support for the Tender Offer" in "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and the management policy after the Tender Offer" above, the Target Company has determined that (a) the Transactions are the best option from the perspective of increasing the Target Company's corporate value and is expected to further increase the feasibility of the Target Company's growth strategy, and (b) the terms of the Transaction, including the Tender Offer Price, provide the Target Company's shareholders with a reasonable opportunity to sell their shares. At the Target Company's Board of Directors meeting held today, all ten directors, including directors who are Audit and Supervisory Committee members, unanimously passed a resolution to express an opinion in support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in response to the Tender Offer. Directors of the Target Company (Including Directors who are Audit and Supervisory Committee Members.) None of the directors have any conflicts of interest with respect to the Transaction, including the Tender Offer.

⑧ Securing Objective Conditions to Ensure the Fairness of the Tender Offer

As described in "(4) Policy on Organizational Restructuring after the Tender Offer (Matters Related to the So-Called Two-Step Acquisition)" below, the Tender Offeror and Toray plan to (i) request the Target Company to hold an extraordinary general meeting of shareholders (hereinafter referred to as the "Extraordinary General Meeting of Shareholders") promptly after the completion of settlement of the Tender Offer, which includes in the agenda a proposal to implement the Share Consolidation pursuant to Article 180 of the Companies Act and to make a partial amendment to the Articles of Incorporation in accordance with the number of shares to be acquired by the Tender Offeror upon the effectuation of the Tender Offer to abolish the provisions on the Share Unit on the condition that the Share Consolidation becomes effective, and will not adopt a method that does not secure the right to request the shareholders of the Target Company to purchase shares, and (ii) make it clear that the money to be delivered to the shareholders of the Target Company as consideration for the Share Consolidation will be calculated so as to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each such shareholder (excluding the Tender Offeror, Toray, and the Target Company), so that the Tender Offeror will secure an opportunity for the shareholders of the Target Company to make an appropriate judgment as to whether or not to tender to the Tender Offer, and will take care not to create coercive force.

In addition, the Tender Offeror has set the Tender Offer Period to 30 business days, although the minimum period for purchases, etc., related to tender offers stipulated by laws is 20 business days. By setting the Tender Offer Period longer than the minimum period stipulated by laws and regulations in this way, the Target Company will ensure that shareholders of the Target Company have an appropriate opportunity to make a decision regarding their tenders for the Tender Offer.

⑨ Measures to Secure Purchase Opportunities from Other Purchasers

As described in "⑧ Securing Objective Conditions to Ensure the Fairness of the Tender Offer" above, the Tender Offeror has set the Tender Offer Period at 30 business days. In this way, the Company intends to ensure the fairness of the Tender Offer Price by setting the Tender Offer Period longer than the minimum period stipulated by laws and regulations, thereby ensuring opportunities for other parties than the Tender Offeror to conduct competitive bids, etc.

As described in "③ the Capital and Business Alliance Agreement" of "(6) Matters Related to Important Agreements Relating to the Tender Offer" below, under the Capital and Business Alliance Agreement concluded between the Target Company, the Tender Offeror, and Toray on February 5, 2026, the Target Company shall, on the date of the conclusion of the Capital and Business Alliance Agreement, the Target Company shall make a resolution of the Board of Directors (hereinafter referred to as the "Resolution") to express its opinion to the effect that the Target Company supports the Tender Offer and recommends shareholders of the Target Company to tender in the Tender Offer (hereinafter referred to as the "Opinion"), provided that all specified reasons (please refer to "③ the Capital and Business Alliance Agreement" of "(6) Matters Related to Important Agreements Relating to the Tender Offer".) are satisfied, and shall publicize such fact and the details thereof in accordance with laws, etc. However, specified reasons include the Special Committee having submitted a positive report to the Target Company regarding the Target

Company's Board of Directors adopting the Resolution, and such report not having been modified or withdrawn, thereby constituting a determination that the Special Committee's judgment has been respected.

In addition, the Target Company is stipulated to be subject to an obligation to maintain the Resolution without amending or revoking it and will not adopt any resolutions that contradict it from the execution date of the Capital and Business Alliance Agreement until the expiration date of the Tender Offer Period; provided, however, that such obligation shall not apply in the event that all or part of the above-mentioned conditions are not satisfied or subsequently cease to be satisfied, or if it is objectively and reasonably recognized that maintaining the Opinion would constitute a breach of the duty of care of a prudent manager on the part of the Target Company's directors.

Furthermore, if, during the period from the execution date of the Capital and Business Alliance Agreement to the expiration date of the Tender Offer Period, the Target Company receives a proposal, active contact or solicitation from a third party other than the Tender Offeror regarding the Transactions that is or is likely to be substantially competitive with, contradictory to, or in conflict with the Transaction or the business alliance between the Tender Offeror, Toray and the Target Company, or becomes aware of the existence of such proposal, and if the Target Company wishes to examine the contents thereof, or if any other event reasonably deems it difficult to maintain the Opinion has occurred or has been found, the Target Company shall promptly notify the Tender Offeror to that effect and of the contents of such proposal, etc., (except in cases where such notification is prohibited by laws, etc., in this case, it shall be sufficient to notify promptly at the time when such notification becomes possible), (b) in this case, the Target Company and the Tender Offeror shall hold discussions in good faith regarding responses to such proposal, etc., changes to the Tender Offer Price, the terms of the Transactions, etc., and (c) the Target Company shall not be precluded from holding discussions or providing information with such third party to the extent objectively and reasonably necessary to determine whether or not directors of the Target Company may have violated the duty of care of a prudent manager.

Based on the above, the Target Company believes that the provisions described above in the Capital and Business Alliance Agreement do not constitute an agreement prohibiting the Target from having any contact with any competing offeror, and that, in light of the setting of the Tender Offer Period described above, the Target does not believe that the provisions described above will excessively hinder opportunities for competitive purchases, etc.

(4) Policies for Organizational Restructuring, etc., after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)

The Tender Offeror and Toray, as described in "(1) Outline of the Tender Offer" above, if the Tender Offer is successful but the Tender Offeror is unable to acquire all of the Target Company Shares (excluding, however, treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement) through the Tender Offer, after the completion of the Tender Offer, the Offeror plans to request the Target Company to implement the squeeze-out procedure, which will be carried out by the following method, for the purpose of acquiring all of the Target Company Shares (excluding, however, treasury shares owned by the Target Company and the Shares Under the Non-Tender Agreement).

Specifically, after the effectuation of the Tender Offer, the Tender Offeror and Toray plan to request the Target Company to hold the Extraordinary General Meeting of Shareholders, which will include in the agenda a proposal to carry out the Share Consolidation pursuant to Article 180 of the Companies Act and to make a partial amendment to the articles of incorporation to abolish the provisions on the Share Unit conditional on the Share Consolidation becoming effective, and the Tender Offeror and Toray plan to support each of the above proposals at the Extraordinary General meeting of Shareholders.

If the proposal for the Share Consolidation is approved at the Extraordinary General Meeting of Shareholders, on the day the Share Consolidation becomes effective, the Target Company's shareholders will own a number of Target Company Shares corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. If the Share Consolidation results in a fraction of less than one share in the number of shares, the Target Company will deliver to shareholders of the Target Company money obtained by selling, etc., the Target Company Shares equivalent to the total number of such fractions (If the total number includes a fraction of less than one share, the fraction will be rounded down. The same applies hereinafter) to the Tender Offeror or the Target Company in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations.

With regard to the sale price of the Target Company Shares corresponding to the total number of such fractions, the

Tender Offeror plans to request the Target Company to file a petition for permission of voluntary sale with the court after setting the price of money to be delivered to shareholders of the Target Company that did not tender in the Tender Offer as a result of such sale to be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each such shareholder. In addition, although the ratio of the consolidation of the Target Company shares has not been determined as of today, the Tender Offeror plans to request the Target Company to determine that the number of the Target Company Shares held by shareholders of the Target Company that did not tender in the Tender Offer (excluding the Offeror, Toray and the Target Company) will be a fraction of less than one share so that the Tender Offeror and Toray will own all of the Target Company (excluding treasury shares held by the Target Company).

As a provision of the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation, it is provided that if the Share Consolidation is effected and the Share Consolidation results in a fraction of less than one share in the number of shares, shareholders may request the Target Company to purchase all of the fractions of less than one share of the Target Company Shares held by them at a fair price and may file a petition for the court to determine the price of the Target Company Shares, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, if the prescribed conditions are met.

As stated above, under the Share Consolidation, the number of Target Company Shares held by shareholders of the Target Company who did not tender in the Tender Offer (However, the Tender Offeror, Toray and the Target Company are excluded.) will be a fraction of less than one share, and shareholders of the Target Company who oppose the Share Consolidation will be able to file the above petition. Furthermore, If the above petition is filed, the purchase price will ultimately be determined by the court.

The Tender Offer is in no way intended to solicit the support of the Target Company's shareholders at the Extraordinary General Meeting of Shareholders.

Shareholders of the Target Company are requested to confirm with experts such as tax accountants at their own risk regarding the tax treatment of the Tender Offer tender or the procedures described above.

(5) Expected Delisting and Reasons Thereof

As of today, the Target Company Shares are listed on the Tokyo Stock Exchange Standard Market, but since the Tender Offeror has not set an upper limit on the number of shares planned to be purchased in the Tender Offer, depending on the outcome of the Tender Offer, the Target Company Shares may be delisted through the prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange.

In addition, even if such criteria are not met at the time of completion of the Tender Offer, after the Tender Offer is completed, the Target Company plans to execute the Squeeze-Out Procedure described in "(4) Policy on Organizational Restructuring after the Tender Offer (Matters Related to the So-Called Two-Step Acquisition)" above, and in such case, the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. Furthermore, after delisting, the Target Company shares will not be able to be traded on the Tokyo Stock Exchange Standard Market.

(6) Matters Regarding Important Agreements Regarding the Tender Offer

① Non-Tender Agreement

The Tender Offeror has executed the Non-Tender Agreement with Toray as of today. The outline of the Non-Tender Agreement is as follows.

- (A) Toray will not tender any shares of the Shares Under the Non-Tender Agreement to the Tender Offer.
- (B) During the period from the execution date of the Non-Tender Agreement to the effective date of the Share Consolidation (hereinafter referred to as the "Effective Date"), Toray shall not, directly or indirectly (including cases where it is conducted through the Target Company), engage in any transactions with any person other than the Tender Offeror that substantially competes with, contradicts, conflicts with, or makes it difficult to execute the Transactions (hereinafter referred to as "Conflicting Transactions"), and shall not make any proposal, active contact, solicitation, information provision, or agreement regarding any conflicting transactions.

In addition, if Toray receives a proposal, contact, or solicitation for conflicting transactions from a third party other than the Tender Offeror, or learns that the Target Company has received such a proposal, contact, or solicitation, from the date of conclusion of the Non-Tender Agreement until the Effective Date, and Toray wishes to review the content, Toray shall promptly The Tender Offeror will then be notified of this fact and the contents of the proposal, etc., (unless such notification is prohibited by laws, etc., in which case it is sufficient to notify the Tender Offeror as soon as it becomes possible) and discuss in good faith how to respond to the proposal, etc.

It should be noted that this does not preclude Toray from holding discussions with or providing information to such third parties to the extent objectively and reasonably necessary to determine whether or not there is a possibility that a Director of Toray has violated the duty of care of a prudent manager.

- (C) From the date of conclusion of the Non-Tender Agreement until the Effective Date, Toray, in principle, shall not transfer, create a security interest in, or otherwise dispose of the Shares under the Non-Tender Agreement (including tendering them in the Tender Offer or any other tender offer), and shall not acquire the Target Company Shares.
- (D) The Tender Offeror and Toray will carry out the necessary procedures to carry out the Share Consolidation (including the exercise of voting rights in favor of the Share Consolidation proposal at the Target Company's General Meeting of Shareholders) as soon as practically possible after the settlement of the Tender Offer. In addition, if, after the settlement of the Tender Offer, there is a majority shareholder or it is expected that a majority shareholder will exist as of immediately before the Share Consolidation becomes effective, the Tender Offeror and Toray will implement measures to ensure that the number of Target Company Shares held by the Tender Offeror will exceed the number of Target Company Shares held by the majority shareholder.

In addition, the parties have agreed on the preconditions for the commencement of the Tender Offer (hereinafter referred to as the "Tender Offer Preconditions"), the obligation of the Tender Offeror to conduct the Tender Offer on the condition that the Tender Offer Preconditions are satisfied, the representational guarantee (Note 1), the obligations of Toray (Note 2), the obligations of the Tender Offeror (Note 3), the reason for termination of the contract (Note 4), and other matters.

(Note 1) Under the Non-Tender Agreement, (i) the Tender Offeror will ensure that ① it has the authority and power necessary for its establishment and existence and for carrying out its business, ② it has the authority and power necessary for the execution and performance of the Non-Tender Agreement, etc., ③ the validity and enforceability of the Non-Tender Agreement, ④ there is no conflict of laws, etc. and regulations with respect to the execution and performance of the Non-Tender Agreement, ⑤ it has obtained or completed the permits and licenses necessary for the execution and performance of the Non-Tender Agreement, ⑥ there are no bankruptcy proceedings, etc., ⑦ it has no relationships with anti-social forces, and ⑧ it has the ability to raise funds necessary for the performance of its obligations under the Non-Tender Agreement and to implement the Transactions, and (ii) Toray represents and warrants, ① the existence of the authority and authority necessary for the establishment and survival of the Tender Agreement and the conduct of its business, ② the existence of the authority and power necessary for the conclusion and performance of the Non-Tender Agreement, ③ the validity and enforceability of the Non-Tender Agreement, ④ the absence of any conflicts of laws, etc. and regulations regarding the execution and execution of the Non-Tender Agreement, ⑤ the acquisition or implementation of any permits or licenses necessary for the execution and execution of the Non-Tender Agreement, ⑥ matters related to the Shares under the Non-Tender Agreement, ⑦ the absence of bankruptcy proceedings, etc., ⑧ the absence of bankruptcy proceedings, etc.

(Note 2) Under the Non-Tender Agreement, in addition to the obligations described above, Toray assumes, in general, ① until the Effective Date, in principle, the obligation to have the Target Company Group conduct its business within the ordinary course of business in the same manner as in the past or in a reasonable manner to the extent that it does not interfere with the execution of the Transactions, and not to engage in any act that may have a material adverse effect on the Target

Company Group, ② the obligation to cooperate and make efforts to satisfy the Tender Offer Preconditions, ③ the obligation to notify the Tender Offeror if it is found that Toray has breached its representational guarantee, breached its obligations, or failed to satisfy the Tender Offer Preconditions, or is likely to do so, ④ the obligation not to exercise its shareholder rights related to the Shares Under the Non-Tender Agreement during the period until the Effective Date without the prior written consent of the Tender Offeror, ⑤ the obligation, with respect to agreements between companies belonging to the Target Company Group and Toray or its subsidiaries (excluding the Target Company Group) and transactions based thereon, not to cancel, terminate, or forfeit the benefit of time, or amend the terms thereof to the detriment of the Target Group, on the grounds of the Transactions, and not to cause its subsidiaries to do any of the foregoing, and to take, and cause its subsidiaries to take, necessary measures to ensure that the Target Company Group may continue to use or enjoy such benefits after the Transactions, and ⑥ the obligation to compensate for any breach of its obligations or the representational guarantee.

(Note 3) Under the Non-Tender Agreement, in addition to the obligations described above, the Tender Offeror assumes, in general terms, ① the obligation to cooperate and make efforts to satisfy the Tender Offer Preconditions, ② the obligation to notify the Tender Offeror if it becomes aware of any breach of its representations and warranties or obligations, or any non-satisfaction of the Tender Offer Preconditions or any potential non-satisfaction thereof, and ③ the obligation to provide indemnification in the event of any breach of representations and warranties or obligations.

(Note 4) Under the Non-Tender Agreement, the Offeror and Toray have agreed that they may terminate the Non-Tender Agreement in the event that ① the other party commits a material breach of its representations and warranties, ② the other party commits a material default in performing its obligations under the Non-Tender Agreement, ③ a petition for the commencement of bankruptcy proceedings, etc., is filed against the other party, or ④ the Tender Offer does not commence by March 6, 2026 through no cause attributable to the Tender Offeror. In addition, in the Non-Tender Agreement, the Tender Offeror has agreed to terminate the Non-Tender Agreement immediately if any of the following events occur: ① the Tender Offeror lawfully withdraws the Tender Offer in accordance with the Act, other laws, etc., ② the Tender Offer is commenced but fails to close, or ③ the Non-Tender Agreement is terminated based on the cancellation provisions.

② Shareholders Agreement

The Tender Offeror has entered into the Shareholders Agreement with Toray as of today, which includes the following details regarding the operation of the Target Company and the handling of the Target Company Shares after the Transactions.

- (A) It is confirmed that the investment ratio of the Target Company at the time of completion of the Transactions will be, in principle, 51% for Toray and 49% for the Tender Offeror.
- (B) Organization Structure of the Target Company
Following the completion of the Transactions, the necessary actions (including the exercise of voting rights in favor of proposals such as amendments to the Articles of Incorporation at the Target Company's general shareholders' meeting) will be taken as soon as practicable to change the Target Company's organizational structure, etc., to the following (a) to (c).
 - (a) Restrictions on share transfer: Yes
 - (b) Establishment: Board of Directors, Audit & Supervisory Board Members, Accounting Auditors
 - (c) Fiscal year: From April 1 to March 31
- (C) (a) The number of directors of the Target Company shall not exceed seven, and Toray shall nominate a majority (when the total number is an even number, it means an integer obtained by dividing the total number by 2 and adding 1. When the total number is an odd number, it means an integer obtained by dividing the total number by 2 and rounding up to the first decimal place. For example, if the total number is 7, 4; if the total number is 6, 4; and if the total number is 5, 3) of the directors, and the Tender Offeror

shall nominate the remaining directors, (b) the number of representative directors of the Target Company shall be one, which Toray may nominate, and (c) the number of corporate auditors of the Target Company shall be one, which Toray may nominate.

- (D) The Company will agree on the matters to be resolved at the general meeting of shareholders and the Board of Directors of the Target Company and the matters to be authorized by the Representative Director.
- (E) The Tender Offeror and Toray cannot transfer, pledge, or otherwise dispose of all or part of the Target Company Shares held by the Tender Offeror to a third party without the prior written consent of the other party, and the other party has the right of first refusal and the right of joint sale if either the Tender Offeror or Toray wishes to transfer the Target Company Shares held by the Tender Offeror to a third party after the expiration of the prohibited transfer period.

③ Capital and Business Alliance Agreement

The Tender Offeror has entered into the Capital and Business Alliance Agreement with Toray and the Target Company as of today. The purpose of this capital and business alliance agreement is to ensure that, through the Transactions and the business alliance between the three companies, each company complies with various laws and regulations, works toward realizing a sustainable environment and society, and aims to improve the corporate value of each company. An outline of the Capital and Business Alliance Agreement is as follows.

- (A) On the date of the execution of the Capital and Business Alliance Agreement, the Target Company shall make the Resolution to express the Opinion that all specified reasons are satisfied, and shall publicize such fact and the details thereof in accordance with laws, etc.

The Target Company will maintain this Resolution without amending or revoking it and will not make any resolutions that contradict it from the execution date of the Capital and Business Alliance Agreement until the expiration date of the Tender Offer Period, except in the event that all or part of the above-mentioned conditions are not satisfied or subsequently cease to be satisfied, or if it is objectively and reasonably recognized that maintaining this Opinion would constitute a breach of the duty of care of a prudent manager on the part of the Target Company's directors.

- (B) (a) If, during the period from the execution date of the Capital and Business Alliance Agreement to the expiration date of the Tender Offer Period, the Target Company receives a proposal, active contact or solicitation from a third party other than the Tender Offeror regarding the Transactions that is or is likely to be substantially competitive with, contradictory to, or in conflict with the Transaction or the business alliance between the Tender Offeror, Toray and the Target Company (hereinafter referred to as the "Business Alliance"), or becomes aware of the existence of such proposal, and if the Target Company wishes to examine the contents thereof, or if any other event reasonably deems it difficult to maintain the Opinion has occurred or has been found, the Target Company shall promptly notify the Tender Offeror to that effect and of the contents of such proposal, etc., (except in cases where such notification is prohibited by laws, etc., in this case, it shall be sufficient to notify promptly at the time when such notification becomes possible), (b) in this case, the Target Company and the Tender Offeror shall hold discussions in good faith regarding responses to such proposal, etc., changes to the Tender Offer Price, the terms of the Transactions, etc., and (c) the Target Company shall not be precluded from holding discussions or providing information with such third party to the extent objectively and reasonably necessary to determine whether or not directors of the Target Company may have violated the duty of care of a prudent manager.
- (C) Until the Effective Date, except for matters expressly set forth in the Capital and Business Alliance Agreement and matters agreed upon in advance in writing by the Tender Offeror and Toray, the Target Company will, either by itself or by other companies belonging to the Target Company Group, carry out or cause to be carried out its business with the care of a prudent manager and within the scope of ordinary business, in the same manner as before or in a reasonable manner to the extent that does not interfere with the implementation of the Transactions, and will not take any action that may have a material adverse effect on the Target Company Group, including the disposition of surplus funds, the issuance of shares, etc., the acquisition or disposal of treasury shares, or organizational restructuring.

- (D) In the event that the Tender Offer is successful, the Target Company shall, in accordance with the requests of the Tender Offeror and Toray, as soon as practicable after the completion of settlement, take the necessary procedures to implement the Share Consolidation, including holding a general meeting of shareholders for the purpose of approving the Share Consolidation, and shall provide the cooperation necessary to complete the Share Consolidation.

In addition, following the completion of the Transactions, the parties have agreed on discussions and studies on collaboration to enhance the corporate value of the three companies, the management structure of the Target Company, and the reason for termination of the agreement.

2. Outline of the Purchase, etc.

(1) Outline of the Target Company and Toray

① Outline of the Target Company

①	Name	SUIDO KIKO KAISHA, LTD.	
②	Address	5-48-16 Sakuragaoka, Setagaya-ku, Tokyo	
③	Title and Name of Representative	President & CEO Toru Furukawa	
④	Business	Manufacture, installation and sale of water treatment machines and equipment	
⑤	Capital	1,947 million yen (as of December 31, 2025)	
⑥	Date of Establishment	August 1, 1924	
⑦	Major shareholders and shareholding ratio (As of September 30, 2025)	Toray Industries, Inc.	51.06%
		Hikari Tsushin KK Investment Limited Partnership	4.11%
		Suido Kiko Kyoeikai	4.02%
		Custody Bank of Japan, Ltd. (Trust Account)	3.34%
		Database Corporation	2.81%
		DMW Corporation	2.18%
		Shinagawa Iron Works Co., Ltd.	1.60%
		Yokote Sangyo Co., Ltd.	1.27%
		Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1.24%
		MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.19%
⑧	Relationship between Tender Offeror and Target Company		
	Capital Relationship	Not applicable.	
	Personal Relationships	Not applicable.	
	Business Relationship	In March 2013, the Tender Offeror entered into a business alliance agreement with the Target Company in the domestic water supply and sewage and reclaimed water treatment fields. In addition, the Tender Offeror has placed orders for machinery and equipment etc., with the Target Company, and has received orders for machinery and equipment etc., from the Target Company.	
	Relevant Party Status	Not applicable.	
⑨	The Target Company's consolidated operating results and financial position for the past three years		

Fiscal year end	Fiscal year ending March 2023	Fiscal year ending March 2024	Fiscal year ending March 2025
Consolidated net assets	9,713 million yen	9,991 million yen	10,178 million yen
Consolidated total assets	21,201 million yen	24,138 million yen	26,055 million yen
Consolidated net assets per share	2,269.18 yen	2,327.66 yen	2,377.22 yen
Consolidated net sales	21,929 million yen	21,634 million yen	25,966 million yen
Consolidated operating income	761 million yen	450 million yen	1,479 million yen
Consolidated ordinary Income	409 million yen	661 million yen	1,376 million yen
Net income attributable to owners of parent	273 million yen	367 million yen	427 million yen
Consolidated net income per share	63.86 yen	85.74 yen	99.75 yen
Cash dividend per share	55.00 yen	55.00 yen	55.00 yen

(Note)"⑦ Major Shareholders and Shareholding Ratio (as of September 30, 2025)" is based on the "Status of Major Shareholders" in the 122nd Fiscal Year Semi-Annual Report submitted by the Target Company on November 13, 2025.

② Outline of Toray

① Name	Toray Industries, Inc.	
② Address	2-1-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo	
③ Title and Name of Representative	President and Representative Mitsuo Ohya	
④ Business	Manufacture and sale of synthetic fibers, plastics, chemicals and other products	
⑤ Capital	147,873 million yen (as of December 31, 2025)	
⑥ Date of Establishment	January 12, 1926	
⑦ Major shareholders and shareholding ratio (As of September 30, 2025)	The Master Trust Bank of Japan, Ltd. (Trust Account)	16.06%
	Custody Bank of Japan, Ltd. (Trust Account)	7.74%
	Nippon Life Insurance Company	4.73%
	Taiju Life Insurance Company Ltd.	2.39%
	State Street Bank West Client - Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2.13%
	State Street Bank and Trust Company - 505301 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.86%
	National Mutual Insurance Federation of Agricultural Cooperatives	1.77%
	State Street Bank and Trust Company 505025 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.70%
	State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.65%
	Sumitomo Mitsui Banking Corporation	1.60%
⑧ Relationship between Tender Offeror and Toray		

Capital Relationship	Not applicable.		
Personal Relationships	Not applicable.		
Business Relationship	Not applicable.		
Relevant Party Status	Not applicable.		
⑨ Toray's consolidated operating results and financial position for the past three years			
Fiscal year end	Fiscal year ending March 2023	Fiscal year ending March 2024	Fiscal year ending March 2025
Total assets	3,194,041 million yen	3,466,518 million yen	3,292,597 million yen
Total equity	1,635,810 million yen	1,846,362 million yen	1,820,572 million yen
Equity attributable to owners of the parent per share	958.78 yen	1,083.91 yen	1,092.90 yen
Revenue	2,489,330 million yen	2,464,596 million yen	2,563,280 million yen
Net income before income taxes	111,870 million yen	59,567 million yen	114,288 million yen
Net income	80,839 million yen	30,455 million yen	86,673 million yen
Net income attributable to owners of the parent	72,823 million yen	21,897 million yen	77,911 million yen
Basic earnings per share	45.49 yen	13.67 yen	48.93 yen
Diluted earnings per share	45.40 yen	13.65 yen	48.84 yen
Dividend per share (of which interim dividend per share)	18.00 yen (9.00 yen)	18.00 yen (9.00 yen)	18.00 yen (9.00 yen)

(Note) "⑦ Major Shareholders and Shareholding Ratio (as of September 30, 2025)" is based on "Status of Major Shareholders" in Toray's semiannual report for the 145th Fiscal Year Semiannual Report submitted on November 14, 2025.

(2) Type of Share Certificates, etc., for which Purchase, etc., is to be Made
Common stock

(3) Schedule, etc.

① Schedule

Board of Directors Resolution	February 5, 2026 (Thursday)
Date of Public Notice of Commencement of Tender Offer	February 6, 2026 (Friday) The announcement will be made electronically and a notice to that effect will be published in the Nihon Keizai Shimbun. (Electronic Public Notice Address https://disclosure2.edinet-fsa.go.jp/)
Date of submission of the Tender Offer registration statement	February 6, 2026 (Friday)

② Initial Tender Offer Period, etc.

From February 6, 2026 (Friday) to March 24, 2026 (Tuesday) (30 business days)

③ Possibility of extension at the request of the Target Company

Not applicable.

(4) Purchase Price, etc.

4,050 yen per share of common stock

(5) Basis for calculating the purchase price

① Basis of calculation

In determining the Tender Offer Price, the Tender Offeror requested Mizuho Securities, a financial advisor, to calculate the value of the Target Company's shares as a third-party valuation organization independent of the Tender Offeror Group, Toray, and the Target Company Group. Mizuho Securities is not a related party of the Tender Offeror Group, Toray, or the Target Company Group, and does not have any material conflict of interest with the Tender Offeror, Toray Industries, or the Target Company in connection with the Tender Offer. Mizuho Bank, Ltd. (Hereinafter referred to as "Mizuho Bank"), a group company of Mizuho Securities, conducts loan transactions, etc. with the Tender Offeror, Toray, and the Target Company as part of ordinary banking transactions, and is a shareholder of Toray and the Target Company. However, Mizuho Securities, in accordance with Article 36 of the Act and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007, including subsequent revisions), has established and implemented an appropriate conflict of interest management system such as the information partition measure between Mizuho Securities and Mizuho Bank, and calculates the value of the Target Company's shares from a standpoint that is independent of the status of Mizuho Bank's lenders and shareholders. The Tender Offeror determined that an appropriate conflict of interest management system was established and implemented for the valuation of the Target Company's shares, and selected Mizuho Securities as the third-party valuation organization. The compensation paid to Mizuho Securities for the Transactions includes a success fee, which is conditional on the successful completion of the Transactions. Taking into consideration general business practices in similar transactions and the appropriateness of the compensation structure, which would result in a reasonable financial burden for the Tender Offeror if the Transactions were not completed, the Tender Offeror has determined that the inclusion of a success fee payable on the condition that the Transactions is completed does not negate Mizuho Securities' independence, and has therefore appointed Mizuho Securities as its financial advisor and third-party valuation institution in accordance with the above compensation structure.

Based on the consideration of the financial status of the Target Company and trends in the market share price of the Target Company Shares, Mizuho Securities considered it appropriate to evaluate the Target Company from a multi-faceted perspective, and as a result of the consideration of the valuation method to be adopted from among the multiple valuation methods, the Tender Offeror calculated the value of the Target Company's shares using the market price-based method, the Comparable Company Analysis method, and the DCF method. The Tender Offeror obtained the Share Valuation Report (Mizuho Securities) from Mizuho Securities on February 4, 2026, as a reference. Since the Tender Offeror considers that the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer and to avoid conflicts of interest, and that sufficient consideration has been given to the interests of minority shareholders of the Target Company, the Tender Offeror has not obtained from Mizuho Securities an opinion (fairness opinion) on the fairness of the Tender Offer Price.

The method used in the Share Valuation Report (Mizuho Securities) and the range of the value per Target Company Shares calculated based on the method are as follows.

Market share price method: 3,026 yen to 3,550 yen

Comparable Company Analysis method: 3,731 yen to 4,550 yen

DCF method: 3,153 yen to 4,218 yen

Under the market price method, with the record date set at February 4, 2026, the range of share value per share of the Target Company Shares is calculated as 3,026 yen to 3,550 yen based on the closing price of the Target Company Shares on the record date, the simple average closing price of 3,413 yen for the past one month until the record date, the simple average closing price of 3,190 yen for the past three months of, and the simple average closing price of 3,026 yen for the past six months of the Standard Market of the Tokyo Stock Exchange.

Under the Comparable Company Analysis method, the share value of the Target Company is calculated by comparing the market share price and financial indicators that indicate profitability of listed companies that are similar

to the Target Company, and the range of share value per the Target Company Shares is calculated to be 3,731 yen to 4,550 yen.

The DCF Method calculates the value of the Target Company's shares by discounting the cash flows expected to be generated by the Target Company in and after the third quarter of the fiscal year ended March 2026 to the present value at a certain discount rate, based on the Business Plan provided by the Target Company (for the fiscal year from the fiscal year ended March 2026 to the fiscal year ended March 2031), and based on the future earnings forecast of the Target Company adjusted by the Tender Offeror in consideration of various factors such as recent performance trends, the results of due diligence conducted by the Tender Offeror on the Target Company from the early October, 2025 to the late December, 2025, and information made available to the public, and the range of the value of shares per Target Company Shares is calculated from 3,153 yen to 4,218 yen.

In light of the results of the calculation of the share value of the Target Company in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, as well as the results of the due diligence conducted on the Target Company from early October 2025 to late December 2025, including the trends in the market share price of the Target Company Shares (the closing price of 3,550 yen of the Target Company's shares on February 4, 2026, the business day immediately preceding the announcement date of the Tender Offer, the simple average of the closing price of 3,413 yen for the past one month until that date, the simple average of the closing price of 3,190 yen for the past three months, and the simple average of the closing price of 3,026 yen for the past six months), whether or not the Board of Directors of the Target Company will approve the Tender Offer, and the prospect of tenders in the Tender Offer, the Tender Offeror has decided to set the Tender Offer Price to 4,050 yen on February 5, 2026, in light of comprehensive consideration of the results of discussions and negotiations with Toray and the Target Company.

The Tender Offer Price of 4,050 yen represents a premium of 14.08% on the closing price of 3,550 yen of the Target Company Shares on the Tokyo Stock Exchange Standard Market on February 4, 2026, which is the business day immediately preceding the announcement date of the Tender Offer, a premium of 18.66% on the simple average closing price of 3,413 yen for the one-month period up to said date, a premium of 26.96% on the simple average closing price of 3,190 yen for the three-month period up to said date, and a premium of 33.84% on the simple average closing price of 3,026 yen for the six-month period up to said date.

(Note) In calculating the value of the Target Company's shares, Mizuho Securities has, in principle, used the information provided by the Target Company and publicly available information, etc., without any modification, and has relied on such materials and information on the assumption that they are all accurate and complete and that there are no facts that may have a material impact on the analysis and calculation of the Tender Offer Price that have not been disclosed to Mizuho Securities, and has not independently verified their accuracy. In addition, it is assumed that the information on the Target Company's financial forecast has been reasonably prepared based on the best forecast and judgment of the Target Company's management at the time of calculation, and that the management of the Tender Offeror has carefully reviewed the contents and approved Mizuho Securities' use of the information in its value valuation. Furthermore, the Company has not conducted any independent evaluation or assessment of the assets and liabilities (including off-book assets and liabilities and other contingent liabilities) of the Target Company and its affiliated companies, nor has it requested any third-party organization to conduct any evaluation or assessment. Mizuho Securities' calculations reflect the above information as of February 4, 2026.

② Background of Calculation

The Tender Offeror, based on the process described in "① Background, purpose and decision-making process that led to the decision to implement the Tender Offer" under "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and the management policy after the Tender Offer" under "1. Purpose of the Tender Offer" above, on February 5, 2026, the Tender Offer Price was set at 4,050 yen.

③ Relationship with the Valuation Agency

Mizuho Securities, the Tender Offeror's financial advisor and third-party valuation institution, is not a related party of the Tender Offeror Group, Toray, or Target Company, and does not have a material interest in the Transactions, including the Tender Offer. Mizuho Bank, a group company of Mizuho Securities, has conducted financing

transactions, etc. with the Tender Offeror, Toray, and the Target Company as part of ordinary banking transactions, and is a shareholder of Toray and the Target Company. Mizuho Securities, in accordance with Article 36 of the Act and Article 70 – 4 of the Cabinet Office Ordinance on Financial Instruments Business, etc., has established and implemented an appropriate conflict of interest management system, such as information partition measures between Mizuho Securities and Mizuho Bank, and has calculated the value of the Target Company's shares from a standpoint independent of the positions of lenders and shareholders of Mizuho Bank.

(6) Number of share certificates, etc., to be purchased

Type of share certificates, etc.	Planned purchase amount	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common stock	2,099,678 shares	669,400 shares	- shares
Total	2,099,678 shares	669,400 shares	- shares

(Note 1) If the total number of the Tendered Shares, etc., is less than the minimum number of shares to be purchased (669,400 shares), none of the Tendered Shares, etc., will be purchased. If the total number of Tendered Shares, etc., is equal to or exceeds the minimum number of shares to be purchased (669,400 shares), all of the Tendered Shares, etc., will be purchased.

(Note 2) There are no plans to acquire any treasury shares held by the Target Company through the Tender Offer.

(Note 3) Since no upper limit has been set for the number of shares to be purchased in the Tender Offer, the number of shares to be purchased is 2,099,678, which is the maximum number of Target Company Shares to be purchased by the Tender Offeror in the Tender Offer. The maximum number of shares (2,099,678 shares) is the number of shares obtained by subtracting the Number of Shares Under the Non- Tender Agreement(2,191,000 shares) from the Base Number of Shares (4,290,678 shares).

(Note 4) Shares less than one unit are also subject to the Tender Offer. If shareholders exercise their right to demand the purchase of shares constituting less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with legal procedures.

(7) Change in Ownership Ratio of Share Certificates, etc., due to Purchase, etc.

Number of voting rights pertaining to share certificates, etc., held by the Tender Offeror before the Tender Offer	- whole units	(Ownership ratio of share certificates, etc., before the Tender Offer -%)
Number of voting rights pertaining to share certificates, etc., held by specially related parties before the Tender Offer	21,910 units	(Ownership ratio of share certificates, etc., before the Tender Offer: 51.07%)
Number of voting rights pertaining to share certificates, etc., held by the Tender Offeror after the Tender Offer	20,996 units	(Ownership ratio of share certificates, etc., after the Tender Offer: 48.93%)
Number of voting rights pertaining to share certificates, etc., held by specially related parties after the Tender Offer	21,910 units	(Ownership ratio of share certificates, etc., after the Tender Offer: 51.07%)
Number of voting rights of all shareholders of the Target Company	42,827 units	

(Note 1) "Number of voting rights pertaining to share certificates, etc., held by specially related parties before the Tender Offer, etc.," is the total number of voting rights represented by share certificates, etc., held by each specially related party (excluding, however, special related parties who are excluded from specially related parties pursuant to Article 3, Paragraph 2, Item (i) of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc., by any Person Other Than the Issuer (Ministry of Finance Ordinance No. 38 of 1990, including subsequent revisions hereinafter referred to as the "Cabinet Office Ordinance") in the calculation of the ownership ratio of share certificates, etc., in each item of Article 27-2,

Paragraph 1 of the Act). The Tender Offeror plans to confirm the Target Company Shares held by specially related parties after today, and if any corrections are necessary, will disclose the details of such corrections.

(Note 2) "Number of voting rights pertaining to share certificates, etc., owned by the Tender Offeror after the Tender Offer" indicates the number of voting rights (20,996 units) pertaining to the number of shares to be purchased (2,099,678 shares) in the Tender Offer, as described in "(6) Number of share certificates, etc., to be purchased" above.

(Note 3) "Number of voting rights of all shareholders of the Target Company" is the number of voting rights of all shareholders stated in the semiannual report for the 122nd fiscal year submitted by the Target Company on November 13, 2025. However, since shares less than one unit (excluding treasury shares less than one unit held by the Target Company) are also subject to the Tender Offer, the number of voting rights (42,906 units) pertaining to the Base Number of Shares (4,290,678 shares) is used as the denominator in calculating the "Ownership Ratio of Share Certificates, etc., before the Tender Offer," and "Ownership Ratio of Share Certificates, etc., after the Tender Offer."

(Note 4) "Ownership ratio of share certificates, etc., before the Tender Offer" and "Ownership ratio of share certificates, etc., after the Tender Offer" are rounded to three decimal places.

(8) Purchase price 8,503 million yen

(Note) The "Purchase Price" is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (2,099,678 shares) by the Tender Offer Price (4,050 yen).

(9) Method of settlement

① The name and location of the head office of the securities company or bank, etc., that settles the purchase, etc.
Mizuho Securities Co., Ltd. 1-5-1 Otemachi, Chiyoda-ku, Tokyo
Rakuten Securities, Inc. (sub-agent) 2-6- 21 Minamiaoyama, Minato-ku, Tokyo

② Settlement start date
March 31, 2026 (Tuesday)

③ Method of settlement

(If applying through Mizuho Securities)

After the end of the Tender Offer Period, a notice of purchase, etc., pursuant to the Tender Offer will be mailed to the address of the shareholders who tender their shares in the Tender Offer (hereinafter referred to as the "Tendering Shareholders") (or to the standing proxy of the shareholders who tender their shares in the Tender Offer (including corporate shareholders; hereinafter referred to as "Foreign Shareholders")) without delay. Purchases will be made in cash. In accordance with the instructions of the Tendering Shareholders, etc., (or their standing proxies in the case of foreign shareholders), the Tender Offer Agent shall remit the sales proceeds for the purchased share certificates, etc., to the location designated by the Tendering Shareholders, etc., (or their standing proxies in the case of foreign shareholders) without delay after the settlement commencement date, or shall pay the proceeds into the account of the Tendering Shareholders, etc., whose applications have been accepted by the Tender Offer Agent.

(If applying through Rakuten Securities, Inc.)

After the end of the tender offer period, a Notice of Purchase, etc., pursuant to the tender offer will be delivered to tendering shareholders, etc., by electromagnetic means without delay. Purchases will be made in cash. The sale price of the purchased share certificates, etc., will be paid by the sub-agent to the Tendering Shareholder's Account (sub-agent) without delay after the commencement date of settlement.

④ Method of returning share certificates, etc.

(If applying through Mizuho Securities)

If it is decided that all of the Tendered Shares will not be purchased pursuant to the conditions set forth in "①

Existence and Details of Conditions Set forth in the Items of Article 27-13, Paragraph 4 of the Act," or "② Conditions for Withdrawal, etc., of Tender Offer, Details thereof, and Method of Disclosure of Withdrawal, etc.," in "(10) Other Conditions and Methods of Purchase, etc.," below, the Tender Offer Agent will promptly return the Share Certificates, etc., required to be returned to their original condition at the time when the Tender Offer was tendered promptly after two business days following the last day of the Tender Offer Period (or the date of withdrawal, etc., in the case of withdrawal, etc., of the Tender Offer).

(If applying through Rakuten Securities, Inc.)

If it is decided not to purchase all of the Tendered Shares, etc., under the conditions set forth in "① Existence and Details of the Conditions Set forth in the Items of Article 27-13, Paragraph 4 of the Act," or "② Conditions for Withdrawal, etc., of Tender Offer, Details thereof, and Method of Disclosure of Withdrawal, etc.," of "(10) Other Conditions and Methods of Purchase, etc.," below, the sub-agent will return the Share Certificates, etc., to be returned promptly on or after two business days after the last day of the Tender Offer Period (or, if the Tender Offer is withdrawn, the date of withdrawal).

(10) Other Conditions and Methods of Purchase, etc.

① Existence and content of the conditions set forth in each item of Article 27-13, Paragraph 4 of the Act

If the total number of the Tendered Shares, etc., is less than the minimum number of shares to be purchased (669,400 shares), none of the Tendered Shares, etc., will be purchased. If the total number of Tendered Shares, etc., is equal to or exceeds the minimum number of shares to be purchased (669,400 shares), all of the Tendered Shares, etc., will be purchased.

② Existence of conditions for withdrawal, etc., of Tender Offer, details thereof, and method of disclosure of withdrawal, etc.

If any of the matters set forth in Article 14, Paragraph 1, Item (i), (a) to (j) and (m) to (s), Item (iii), (a) to (h) and (j), and Paragraph 2, Items (iii) to (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965. including subsequent revisions. Hereinafter referred to as the "Order") occur, the Tender Offer may be withdrawn. The "facts equivalent to the facts set forth in (a) through (i)" set forth in Article 14, Paragraph (1), Item (iii), (j) of the Cabinet Order means (i) cases where it is found that the statutory disclosure documents submitted by the Target Company in the past contain false statements about important matters or lack statements about important matters that should be stated, and (ii) cases where the facts set forth in (a) through (g) of the same item occur at an important subsidiary of the Target Company.

If a withdrawal, etc., is to be made, the announcement will be made electronically and a notice to that effect will be published in the Nihon Keizai Shimbun. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Company will issue a public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and issue a public notice immediately thereafter.

③ Existence or non-existence of conditions for reduction of the Price for Purchase, etc., the details thereof, and the method of disclosure of the reduction

Pursuant to Article 27-6, Paragraph 1, Item (i) of the Act, if the Target Company engages in any of the acts specified in Article 13, Paragraph 1 of the Order during the Tender Offer Period, the purchase price may be reduced in accordance with the standards set forth in Article 19, Paragraph 1 of the Cabinet Office Ordinance.

If the Tender Offer Price is to be reduced, an electronic public notice will be given and a notice to that effect will be published in the Nihon Keizai Shimbun. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Tender Offeror will issue a public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and issue a public notice immediately thereafter. If the Tender Offer Price is reduced, Tender Offeror will also purchase Tendered Shares, etc., tendered prior to the date of the public notice at the reduced Tender Offer Price.

④ Matters concerning the right of tendering shareholders, etc., to cancel the contract
(If applying through Mizuho Securities)

The Tendering Shareholders, etc., may cancel the Tender Offer Agreement at any time during the Tender Offer Period. If the Tender Offer Agent cancels the contract for the Tender Offer, the Tender Offeror shall deliver or send a written notice of cancellation of the contract for the Tender Offer (hereinafter referred to as the "Letter of Cancellation") to the head office or branch offices nationwide of the Tender Offer Agent that accepted the Tender Offer by 15:00 on the last day of the Tender Offer Period. The cancellation of the contract becomes effective when the cancellation document is delivered to or reaches the Tender Offer Agent. Therefore, in case of sending the termination document, please note that it cannot be cancelled unless the termination document reaches the Tender Offer Agent by 15:00 on the last day of the Tender Offer Period.

Designated recipient for termination notice
Mizuho Securities Co., Ltd. 1-5-1 Otemachi, Chiyoda-ku, Tokyo
(Other Mizuho Securities Co., Ltd. branches nationwide)

(If applying through Rakuten Securities, Inc.)

The Tendering Shareholders, etc., may cancel the Tender Offer Agreement at any time during the Tender Offer Period. To terminate the contract, please log in to the sub-agent's website (<https://www.rakuten-sec.co.jp/>), go to the "Domestic Stocks" → "Tender Offer (TOB)" screen, and complete the termination procedure by 15:30 on the last day of the tender offer period.

Authorized recipient of notice of cancellation
Rakuten Securities, Inc. 2-6-21 Minamiaoyama, Minato-ku, Tokyo

Even if the Tendering Shareholders, etc., cancel the contract, the Tender Offeror will not request the Tendering Shareholders, etc., to pay damages or penalties. In addition, the costs required for the return of the Tendered Shares, etc., shall be borne by the Tender Offeror. If a request for cancellation is made, the Tendered Shares, etc., will be returned in accordance with the method set forth in "④ Method of Return of Share Certificates, etc.," of "(9) Method of Settlement" above promptly after the completion of the procedures pertaining to the request for cancellation.

⑤ Method of disclosure when the Terms of Purchase, etc., have been changed

The Tender Offeror may change the purchase terms and conditions during the Tender Offer Period, except in cases prohibited by Article 27-6, Paragraph 1 of the Act and Article 13 of the Order. If the Company intends to change the terms of purchase, etc., it will make an electronic public notice of the changes, etc., and publish a notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Company will issue a public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and issue a public notice immediately thereafter. If the terms of purchase, etc., are changed, the Tendered Shares prior to the date of the public notice will also be purchased under the changed terms of purchase, etc.

⑥ Method of disclosure when an amended notification is submitted

If an amended statement is submitted to the Director-General of the Kanto Local Finance Bureau (except in the cases provided for in the proviso to Article 27-8, Paragraph 11 of the Act), the portions of the amended statement pertaining to the contents of the public notice of the commencement of the tender offer will be immediately made public in the manner provided for in Article 20 of the Cabinet Office Ordinance. In addition, the Tender Offer Explanation will be amended immediately, and the amended Tender Offer Explanation will be delivered to Tendering Shareholders, etc., for whom the Tender Offer Explanation has already been delivered. However, if the scope of the correction is limited to a small area, the Company will prepare a document stating the reason for the correction, the matters corrected and the content after the correction, and deliver the document to the tendering shareholders, etc.

⑦ Method of disclosure of results of Tender Offer

The results of the Tender Offer will be announced on the day following the last day of the Tender Offer Period in

accordance with the methods set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

⑧ Other

The Tender Offer will not be made, directly or indirectly, within or directed at the United States, nor will it be made by using the U.S. postal service or any other means or instruments of interstate or international commerce (including, but not limited to, facsimile, email, internet communications, telex, and telephone), or through any U.S. securities exchange facility. The Tender Offer shall not be tendered in any of the above ways or means, through the above facilities, or from within the United States.

In addition, the Tender Offer Statement or related purchase documents related to the Tender Offer are not to be sent or distributed in the United States, to the United States, or from the United States by mail or other means, and such sending or distribution may not be made. Tenders in the Tender Offer that directly or indirectly violate the above restrictions will not be accepted.

When tendering the Tender Offer, the Tendering Shareholders, etc., (standing proxy in the case of foreign shareholders) may be required to make the following representations and guarantees to the Tender Offer Agent.

The Tendering Shareholder, etc., is not located in the United States at either the time of the Tender Offer or the time of the sending of the Tender Offer Application. No information regarding the Tender Offer (including any copy thereof) has been received or sent, directly or indirectly, in, to or from the United States. The U.S. Postal Service or other methods or means of interstate or international commerce (including, but not limited to, facsimile, email, internet communications, telex, and telephone) or securities exchange facilities within the U.S. have not been used, directly or indirectly, in connection with the signing and delivery of the purchase, etc., or tender offer application form. The person is not acting as an agent, trustee or mandated agent without discretion for another person (except in cases where such other person is giving all instructions regarding the purchase, etc., from outside the United States).

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

February 6, 2026 (Friday)

(12) Tender Offer Agent

Mizuho Securities Co., Ltd. 1-5-1 Otemachi, Chiyoda-ku, Tokyo

Furthermore, the Tender Offer Agent has selected the following subagent(s) for the purpose of re-delegating a portion of its duties.

Rakuten Securities, Inc. (sub-agent) 2-6-21 Minamiaoyama, Minato-ku, Tokyo

3. Post-Tender Offer Policy and Future Outlook

For the policies, etc., after the Tender Offer, please refer to "(2) Background, purpose, and decision-making process that led to the decision to implement the Tender Offer, and the management policy after the Tender Offer" in "1. Purpose of the Tender Offer" above, "(4) Policy on Organizational Restructuring, etc., after the Tender Offer (Matters Related to the So-Called Two-Step Acquisition)" and "(5) Prospects and Reasons for Delisting."

4. Other

(1) Existence and details of any agreements between the Tender Offeror and the Target Company or its officers

① Endorsement of this Tender Offer

According to the Target Company Press Release, at the meeting of the Target Company's board of directors held today, the Target Company expressed its opinion in favor of the Tender Offer and resolved to recommend shareholders of the Target Company to tender in the Tender Offer.

For details, please refer to the Target Company Press Release and "⑦ Approval by all of the Target Company's directors who have no conflicts of interest (Including Directors who are Audit and Supervisory Committee Members.)" in "(3) Measures to ensure the fairness of the Tender Offer, and measures to ensure the fairness of the

Tender Offer Price and measures to avoid conflicts of interest" of "1. Purpose of the Tender Offer, etc.," above.

② Capital and Business Alliance Agreement

The Tender Offeror has entered into the Capital and Business Alliance Agreement with Toray and the Target Company as of today. For an outline of the Capital and Business Alliance Agreement, please refer to "③ the Capital and Business Alliance Agreement" in "(6) Matters Related to Important Agreements Relating to the Tender Offer" of "1. Purpose of the Tender Offer" above.

(2) Other information deemed necessary for investors to decide whether or not to tender their shares in the Tender Offer

① Announcement of "Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 2026 [Japanese GAAP] (Consolidated)"

The Target Company released its Target Company's Third Quarter Financial Results on the Tokyo Stock Exchange today. The outline of the Target Company's Third Quarter Financial Results based on this announcement is as follows: The contents of this disclosure have not received an interim review by an auditing firm pursuant to the provisions of Article 193-2, Paragraph 1 of the Act

In addition, the following outline of the announcement below is an excerpt of the announcement made by the Target Company, and for details, please refer to the announcement.

(i) Income (Consolidated)

Accounting period	FYE 3/'26 (Third Quarter Consolidated Cumulative Period)
Net sales	20,118 million yen
Cost of sales	16,111 million yen
Selling, general and administrative expenses	3,578 million yen
Non-operating income	533 million yen
Non-operating expenses	45 million yen
Quarterly net income attributable to owners of parent	158 million yen

(ii) Per share information (Consolidated)

Accounting period	FYE 3/'26 (Third Quarter Consolidated Cumulative Period)
Net income per share	37.02 yen
Dividend per share	- yen

② Announcement of "Notice Concerning Revision of Dividend Forecast (No Dividend) for the Fiscal Year Ending March 2026"

At a meeting of the Board of Directors held today, the Target Company resolved to revise the year-end dividend for the fiscal year ending March 2026 and not to pay the year-end dividend for the fiscal year ending March 2026, subject to the successful completion of the Tender Offer. For details, please refer to the announcement.

③ Announcement of "Notice Regarding Revision of Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending March 2026 and Anticipated Recognition of Extraordinary Loss"

The Target Company today published the "Notice Regarding Revision of Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending March 2026 and Anticipated Recognition of Extraordinary Loss." For details, please refer to the announcement.